HEARINGS

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

ON THE PROPOSED

TARIFF ACT OF 1921

(H. R. 7456)

SCHEDULE 4

WOOD AND MANUFACTURES OF

Revised and Indexed

WASHINGTON
GOVERNMENT PRINTING OFFICE
1922

COMMITTEE ON FINANCE.

BOIES PENROSE, Pennsylvania, *Chairman*.

PORTER J. McCUMBER, North Dakota.
REED SMOOT, Utah.
ROBERT M. LA FOLLETTE, Wisconsin.
WILLIAM P. DILLINGHAM, Vermont.
GEORGE P. McLEAN, Connecticut.
CHARLES CURTIS, Kansas.
JAMES E. WATSON, Indiana.
WILLIAM M. CALDER, New York.
HOWARD SUTHERLAND, West Virginia.
FURNIFOLD M. SIMMONS, North Carolina.
JOHN SHARP WILLIAMS, Mississippi.
ANDRIEUS A. JONES, New Mexico.
PETER G. GERRY, Rhode Island.
JAMES A. REED, Missouri.
DAVID I. WALSH, Massachusetts.

LEIGHTON C. TAYLOR, *Clerk*.
W. B. STEWART, *Assistant Clerk*.

NOTE.

Believing the greatest demand for the Tariff Hearings before the Senate Finance Committee on H. R. 7456 will be only for those schedules containing the particular items in which each individual is interested, the preliminary prints have been revised and indexed and printed by schedules.

The hearings are paged consecutively and comprise the following separate documents:

American Valuation.
Dyes Embargo.
Schedule 1.—Chemicals, Oils, and Paints.
Schedule 2.—Earths, Earthenware, and Glassware.
Schedule 3.—Metals and Manufactures of.
Schedule 4.—Wood and Manufactures of.
Schedule 5.—Sugar, Molasses, and Manufactures of.
Schedule 6.—Tobacco and Manufactures of.
Schedule 7.—Agricultural Products and Provisions} combined.
Schedule 8.—Spirits, Wines, and Other Beverages} combined.
Schedule 9.—Cotton Manufactures.
Schedule 10.—Flax, Hemp, and Jute, and Manufactures of.
Schedule 11.—Wool and Manufactures of.
Schedule 12.—Silk and Silk Goods.
Schedule 13.—Papers and Books.
Schedule 14.—Sundries.
Schedule 15.—Free List.
Special and Administrative Provisions, and Appendix containing briefs received too late for printing in the volume containing the hearings upon the various schedules.

LEIGHTON C. TAYLOR, *Clerk*.

SCHEDULE 4.

WOOD AND MANUFACTURES OF.

FIR, SPRUCE, CEDAR, AND HEMLOCK LOGS.

[Paragraph 402.]

STATEMENT OF W. D. B. DODSON, GENERAL MANAGER PORTLAND CHAMBER OF COMMERCE, PORTLAND, OREG.

I submit herewith brief of Columbia River Loggers' Information Bureau on Pacific northwestern conditions, proving the right of the logging and lumber manufacturing industry of that region to tariff protection on their products, against Canadian competition, and ask your earnest consideration of the same.

Supplementing this argument for the Pacific northwestern lumber industry, we submit a general argument herein on the need for a tariff to foster and encourage forestry in the United States, make the lumber and wood products industry of the Nation permanent, and to make it possible for this Nation to realize a net income from more than 463,000,000 acres of its domain that otherwise may become totally nonproductive.

According to figures furnished by the Interior Department, the Nation has about 228,000,000 acres of cut-over lands, once forest, now largely denuded. Except for very light uses in grazing live stock, this land is now practically nonproductive. Most of it is valuable only for forestry. There are but two ways in which to make it again productive in the coming years: First, purchase by the Government or State as permanent forest reserve, and the expenditure of large sums in reforestation; second, reduce or eliminate annual taxes on this cut-over land, and protect America's wood industry against cheap imports of wood products until the private owners of such lands find an incentive to reproduce the forests as a commercial venture.

Within the Federal-owned forest areas of this country there are 153,933,460 acres, of which 20,574,000 are in Alaska. This forest will be cut in the coming years according to commercial requirements and the Government's policy of conservation. The Nation's burden in reforesting the Government reserves will be the difference between the market price of stumpage and the cost of replanting trees. If the market price of the Government's stumpage is forced down to a dead low level, through influx of cheap wood products from primeval forests of other countries, where cheap labor prevails, the Federal Government will have to spend a correspondingly greater sum in preserving for posterity the forests of our own reserves.

The exact acreage of privately owned timberland in the United States is not given on official authority; that is, commercial forests segregated from cut-over lands that were once commercial. The best figures we are able to secure from the Forest Service are to the effect that there remain in the United States to-day above 100,000,000 acres of forest bearing good merchantable timber, a major part of the timber itself being in private ownership. If, as the private timber owner cuts his forest, the low price of stumpage and heavy property tax afford him no incentive to reforest such lands, the cut-over tracts lie a waste, swept by fire for lack of protection, and largely become nonproductive.

In general, here we have a national asset of approximately 463,000,000 acres of land classed as forest, cut over, or yet in primary state. This is nearly 25 per cent of the total area of the United States proper. Most of this land is good for nothing but forest growth and light grazing of live stock. It is nearly twice the area actually cultivated each year in the country. With high cost of labor in America, reforestation work and fire protection can not be conducted at costs available in similar forestry work of other countries. If the Siberian and Russian forest products, and the Canadian forest products now, are permitted to enter freely, we believe that our

country will be unable to restock and protect from fire the new growth which would make these enormous areas of commercial value in the future. There is no surer method of insuring reforestation and protection of these lands than in creating a condition whereby a commercial return could be secured from the work.

If, in the coming years, the 463,000,000 acres of land now classed as forest could be made to yield an average return of $10 an acre annually, through timber for lumber manufacture, wood for pulp and all fiber products, better grazing areas for live stock, wood for fuel, poles and railway ties, and in addition to this commercial return a better conservation was insured of moisture precipitated and the country as a whole made more attractive, beautiful, and complete for the growing millions of population, is not such a result worthy of full consideration in the general policy which seeks to protect American industry? These lands are within the national walls. No coolie labor is available for their handling and development. Men who do needed work must live according to the high American standard. They eat the farmers' protected produce, and wear and use American industry's protected wares. Any consistent American protective policy can not disregard this right, nor be unmindful of the difference between 463,000,000 acres of waste and 463,000,000 acres of land yielding a substantial annual return to the American people.

If these forest lands are not protected and conserved, and the second generation finds itself dependent entirely for its wood requirements upon imports from the outside, the Nation will lose hundreds of millions of dollars annually. Under a proper fostering and protective policy, this outlay may be saved within the country, keeping the Nation complete, as in the past, in the production of all its major raw materials needed in our industries.

When our virgin forests seemed without limit, and reproduction was not needed, the American wood and lumber industry could meet all competition at home and abroad. With but 2,215,000,000,000 feet left standing, and consumption now at a rate four times as fast as reproduction, the policy of assuring better supplies in the future becomes imperative, unless we surrender the practice of meeting our own wood requirements. Whatever may have been thought proper in respect to duties on wood products in the past, the situation has changed.

The fallacious argument is offered that America's timber supplies will be better protected and conserved by opening wide the door to all wood products imports. If these unrestricted imports prevent reproduction work in America's forests, as they will unless the Government wants to make enormous appropriations for buying forest lands and restocking them, no surer means could be employed to completely denude the country of its forests. Cheap imports will kill the possibility of securing new crops of trees on lands capable of supplying this Nation and also furnishing a substantial export. Just as the cheap product from a foreign country, if not restricted by tariff, would kill the American factory, so it will kill America's wood industry. Just as a tariff, to meet higher production costs on the American living standard, is imposed for the farmer and the factory, it is needed in the wood products line. Cheap foreign imports will kill it, as soon as the virgin stand of timber has been cut.

BRIEF OF THE COLUMBIA RIVER LOGGERS' INFORMATION BUREAU.

Following the announcement that the lumber, shingle, and log schedule would be argued before the Senate Finance Committee August 26, we are herewith presenting you a short brief in favor of a protective tariff on the products of the timber operators in the Columbia River district.

1. In British Columbia, in the State of Oregon, and the State of Washington the overwhelming growth of timber is on the coast and the western portions of the States. The Canadian timber is connected by navigable streams flowing from almost every tract to the seas and easily accessible for shipping and for the accommodation of the heaviest draft vessels.

2. While it is true that the Columbia River district would not be affected as seriously as the Grays Harbor and Puget Sound districts by the importation of logs from Canadian waters, the effect on the Columbia River market would be practically the same. The timber in the northwest portion of the United States reaches practically the identical markets as the British Columbia output. These markets are competitive, and in consequence any serious effect that might be experienced in the Washington ports by the importation of Canadian logs would have exactly the same effect in the Columbia River district.

3. At the present time there are no logging camps on the Columbia River nearer than 9 miles to the booming grounds. In the State of Washington, where the lumber

industry has been more active for a long period of time, the logging camps are still farther remote from tidewater. In British Columbia, where the logging industry is a more recent undertaking, there is much timber directly on tidewater and also a far greater amount on short-rail hauls to the booms. This gives Canadian timber a far greater advantage on the original cost of the input of the logs into the water owing to the very short haul. The navigable waters in the British Columbia district reach far inland, and this will give them a very great advantage over a long period of years.

4. In the operations in the timber districts there is an advantage in the employment of labor. On the Canadian side a large number of Hindoos and other orientals are employed on a 9-hour and, in some instances, a 10-hour schedule. On the American side labor works only 8 hours a day, is far better paid, and no orientals are employed in any of the logging operations either in Oregon or Washington. This gives the Canadian operators a great advantage, and whenever their market is dull they can dump their surplus product into Puget Sound, Grays Harbor, or the Columbia River, thereby disorganizing the industry in the American Pacific Northwest.

5. The disorganizing effect not only of this dumping but the fact that it is liable to happen at any time is well expressed in a letter of Acting Forester E. A. Sherman, of the United States Department of Agriculture, July 18, 1919, to one of the associations of loggers in this district:

"The tendency of such unexpected and intermittent importations, based on unexpected suspensions of the Canadian export tariff, to unsettle the market and to be an additional factor of uncertanity in the logging business is fully appreciated."

6. The Canadian log producer has a still further advantage. He need not buy timber, and thus tie up capital, but may obtain it from the public lands of the Province on leases, which require him to pay only a royalty as he cuts. In times of depression, consequently, he has no loss of capital return. The tax burden borne by the timber owners of both Washington and Oregon has reached the breaking point. On one tract of 640 acres in Clatsop County, Oreg., the taxes in 1910 were $236 and on the 1920 assessment roll the same timber paid $2,700.04. In the Grays Harbor district a tract of 320 acres paid on the 1920 assessment roll $1,883.20. In both of these instances the tax on similar tracts in Canada would be approximately $140.

7. In the Columbia River district 90 per cent of the logging is done by independent loggers who have no interest in the operation of sawmills, and he is often compelled to log to protect his overhead and equipment charges when there is no market for his logs. In some instances he logs when the market is up and is forced to sell during chaotic conditions on a falling market. In the Eastern and Southern States the mills run their own logging camps. In the Pacific Northwest the conditions are not the same. It is unfortunate that many mill owners on the American side have become interested in timber on the Canadian side, and they can not be expected to be impartial in the use of the advantages they could enjoy in the Canadian importations or upon questions of tariff.

8. As the tariff has much to do in protecting the American shingle market, it is well to cite here that there are 32 shingles mills in the Columbia River district that are dependent absolutely upon independent loggers for their raw material. The flooding of the American market with Canadian shingles would close down these mills and would result in the accumulation and waste of the cut of cedar in the entire Columbia River district. This would throw hundreds of men out of employment and would make it absolutely necessary for the fir product of the logging camps to carry the burden of the loss and waste in the cut of cedar. This same condition would prevail in the Puget Sound and Grays Harbor districts. At the present time one Canadian operator is selling rafts of cedar logs in the Puget Sound district. Thus far the Columbia River district has escaped this experience.

9. The item of taxes mentioned earlier in this brief can be expressed more definitely when we state that privately owned timber in the State of Oregon to the extent of 254,000,000,000 feet is carrying the tax burden to support 189,700,000,000 feet of publicly owned timber which pays no taxes whatever. The timber is owned as follows:

	Feet.
In western Oregon:	
Privately owned	211,000,000,000
Owned by the State	1,500,000,000
In national forests	85,500,000,000
Indian reservations, parks, and public domains	45,000,000,000
In eastern Oregon:	
Privately owned timber	43,000,000,000
In national forests	46,700,000,000
In Indian reservations, parks, and public domains	11,000,000,000

In the Columbia River district alone in western Oregon there are to-day 48 independent logging operators.

10. The vast logging equipment working in this State's timber resources must be kept going or eat up its value in idleness. What the loggers would be driven to under this system of conservation would be a woeful but inevitable slaughter of his timber. Compelled to keep his equipment going and to dispose also of his timber in order to get some return from his investment, he would fell trees as before, but carve out only the more profitable portion and leave the rest as waste, rendered useless by foreign competition, where before it could be marketed at an advantage. This is something that none of us look forward to with pleasure, but as the timber is our own and we would not let ourselves be forced into bankruptcy, we would have no other course.

11. This association has refrained from troubling Congress for any protection so long as the demand on this side was sufficient to absorb the whole of our product. It wanted no unnatural stimulus. Recently, however, there has been a great change. The demand for our product has greatly fallen off. On the Canadian side in turn there is great dullness. The temptation of the Canadian to hurry his logs into our markets is therefore great, and if it be said that the demand on our side has fallen off, still some demand remains, and this will seek the Canadian article in preference to ours because of the premium on the American dollar in Canada, ranging during the past year not under 8 per cent and rising at times to 20. The temptation of the American mill man now to buy Canadian logs on Puget Sound is almost irresistible, and the western Washington loggers are placed in a position extremely dangerous and unfair.

12. While a mere antidumping act would not be a sufficient protection against the Canadian product, it is proper to notice that the Canadian Parliament by act of 1907 has protected the Canadian Provinces against dumping into Canada by foreign countries. (Appendix 18, p. 208 of Canadian Consolidated Customs Acts.)

MAHOGANY AND CEDAR LOGS.

[Paragraph 404.]

STATEMENT OF JOSEPH S. AUERBACH, REPRESENTING THE MAHOGANY ASSOCIATION OF THE UNITED STATES.

Mr. AUERBACH. I wish, on behalf of my clients, to thank you very much for acceding to the request of Senator Smoot that this short hearing as to section 404 be advanced. I shall be very brief in my remarks, and we shall keep within the limit of time prescribed by you.

With your consent, the hearings will be consolidated so as to include seven on the list—G. B. Mulgrew, Otis Manufacturing Co., Thomas Williams, C. L. Willey Co., Freiburg Mahogany Co., Willard-Hawes & Co., and Ichabod T. Williams & Sons. Mr. Williams will submit a formal statement which has been agreed to by his associates; Mr. Arkush and Mr. Otis will add only brief additional statements. There will be no brief filed by us, unless it seems to be necessary by reason of questions asked of witnesses or unless it be at your request.

Since the Civil War—and, I think, far back of that time—there has not been, so far as we are informed, in the history of congressional legislation by any party a case where a raw material not produced or producible here has ever been subjected to a duty. Certainly this is true of mahogany and other tropical hardwood logs now under consideration. Yet you propose to impose upon such logs a duty of 10 per cent and upon the manufactured lumber a duty only of 15 per cent.

Senator WATSON. Do you refer to all kinds of lumber?

Mr. AUERBACH. Yes, to all the timber referred to in section 404, included under the head of "Tropical hardwood logs."

Senator WATSON. I just wondered whether you were testifying to all kinds mentioned in section 404.

Mr. AUERBACH. Yes; all tropical hardwood logs in 404, although primarily mahogany.

I am in a way only submitting considerations introductory to the statements of the witnesses who will testify. What will be developed in this hearing is that the return to the Government will be negligible. The 10 per cent will not be 10 per cent net. For the expense of handling, measurement, etc., to which these logs will be subjected, and to which they are not subjected now, will be largely in excess of this 10 per cent. At present, when vessels come into port, the logs are thrown in the water and go from there to the mills, which have been constructed with reference to this method of delivery—brought about by the uniform, unbroken policy of the Government for an indefinite period in not taxing the logs.

Now, the first thing these importers think of in a matter like this, and the first thing they ought to have in mind, is good citizenship and the putting aside of their selfish interests. And I am safe in saying that they would not appear and oppose any bill which would appreciably add to the amount of Government income, unless it was a serious menace to their business. They, however, wish to present to you the consideration and emphasize the fact that there will be no substantial return to the Government from this duty, if the Government assumes, as it should, the expenses necessary to the importing and manufacturing interests. That this will be the necessary effect will be demonstrated from the statements to follow.

The witnesses will, as I say, make it abundantly plain to you that the burden will amount to a great deal more than the 10 per cent ad valorem duty. For the cost, among other items, of demurrage and wharfage charges and of rehandling this lumber at the point of destination—which American bottoms, though in crying need of freight, carry under great difficulty even now—will cooperate to swell this expense. In fact, the steamship lines have notified the importers that they will be obliged to put an embargo on that kind of freight if section 404 be enacted. It is in their opinion impracticable to handle it unless they can dispose of it, as at present, when it comes into port, by simply dumping it overboard in the ponds adjacent to the mills, whence the manufacturer lifts it into his mill as he requires it. The importers will also demonstrate to you by their statements or by such questions as you may address to them that the additional cost of these logs—if dutiable as proposed—will more than offset the 15 per cent duty that is to be put upon manufactured lumber. Accordingly, a uniform governmental policy, time out of mind, to let in free of duty raw materials not produced or producible here and impose reasonable protection upon the manufactured article, is wholly departed from, without benefit to the Government and with distinct disadvantage to importer and manufacturer.

The statements to follow will make it impossible for these assertions to be controverted.

STATEMENT OF THOMAS WILLIAMS, REPRESENTING ICHABOD T. WILLIAMS & SONS, NEW YORK CITY.

The CHAIRMAN. You may state your full name?

Mr. WILLIAMS. Thomas Williams.

The CHAIRMAN. Where do you reside?

Mr. WILLIAMS. New York City.

The CHAIRMAN. What is your business?

Mr. WILLIAMS. Importer of foreign woods.

The CHAIRMAN. Will you state your views on this paragraph 404?

Mr. WILLIAMS. I have photographs here, gentlemen, of the character of the raw material represented in paragraph 404, which I would be glad to have you inspect. I will only take 10 minutes of your time.

I am here to represent a committee appointed by the Mahogany Association of the United States, and as chairman of a committee composed of Mr. Arkush and Mr. Frank Otis, of New Orleans, appointed at a meeting of the importers and manufacturers of tropical hardwoods in the log, and personally to represent the firm of Ichabod T. Williams & Sons, of New York, of which I am senior member.

Our firm has conducted a business importing and manufacturing foreign hardwoods for 83 years, and this is the first time we have had to appear before a committee of Congress to discuss the question of duty on unmanufactured logs of tropical hardwoods. In all these years under Republican and Democratic administrations, and in all the tariff bills introduced during this time, unmanufactured logs of tropical hardwoods have always been on the free list. It is for this reason that no effort was made to secure a hearing before the committee of the House, when the wood schedule was under consideration. In perfect faith that there would be no reversal of policy established for so many years, probably $25,000,000 have been invested in the manufacturing of these woods, and in the establishment of agencies in the Tropics for production.

The goods in question can not be produced in this country. No tropical hardwood can be grown in the latitudes of our country, and I am forced to the conclusion that in the haste of preparation the fact that these logs have always been on the free list was overlooked; or else that the committee of the House thought some revenue might be obtained from the imposition of a 10 per cent duty.

Senator SIMMONS. Do the House hearings show that anyone appeared before the House committee and asked that that duty be imposed?

Mr. WILLIAMS. I have no knowledge of that, Senator. I rather doubt it.

Senator CURTIS. I think it is a revenue duty. They imported about $6,000,000 worth of this wood last year, and I think it is purely a revenue proposition.

Senator SIMMONS. I was assuming if nobody appeared asking for it, it must have been a revenue proposition.

Mr. WILLIAMS. That is my judgment.

Senator SIMMONS. That must have been the case if nobody appeared. I understand you to say no one did appear?

Mr. WILLIAMS. Not to my knowledge.

Senator SIMMONS. I thought possibly somebody making walnut furniture might have appeared and said your furniture was in competition with them.

Mr. WILLIAMS. There is nothing in the record, Senator. May I continue?

The CHAIRMAN. Go on.

Mr. WILLIAMS. Should the latter view be correct, it is my opinion—and I find myself confirmed in this by the unanimous opinion of the trade—that no considerable revenue would be derived, and that the expense of the collection would be equal if not more than the money received.

These logs of tropical hardwoods are imported from Africa, Central America, and Mexico almost exclusively on American bottoms, and are imported practically exclusively by American manufacturers and importers.

It is a large tonnage, represents a great many steamers. The imposition of such tax would divert the importation of mahogany logs to foreign countries, and would lead to the manufacturing of such logs into lumber and veneers in foreign countries for ultimate importation into the United States by foreign interests.

I therefore appear in opposition to the proposed import duty in the so-called Fordney tariff bill upon logs of Spanish cedar, lignum-vitæ, mahogany, and other tropical hardwood logs. And inasmuch as the hearing before you may be somewhat extended, I desire—in advance of the statements to be submitted by the several interested parties who will ask to be heard in opposition—to submit to you, in writing, the salient objections to this part of the bill as they present themselves to my mind.

This, I think, will afford you information for some questions you may wish to ask as the discussion proceeds, and, in addition, may be convenient for you to refer to in your subsequent deliberations.

And I wish to add that, so far as my investigation goes, the statements contained in the memorandum can not be controverted; and further, that neither from the point of view of the importer, the manufacturer, the purchaser and consumer of the finished product, the American exporter, nor the laborer can this proposed duty be defended.

That it is unjustified is, in part, evidenced by the policy of Congress in having kept such logs on the free list since the time of the Civil War. On the other hand, there has been a high duty on the importation of mahogany and other hardwood lumber in order to afford adequate protection to the manufacturers of lumber from such logs and to the veneer manufacturing industry of our country—employing thousands of American citizens in New Orleans, Boston, New York City, Philadelphia, Cleveland, Cincinnati, Chicago, Louisville, Ky., San Francisco, and in other large centers.

By the imposition of such an import duty additional cost would be incurred through delays and embarrassment of handling, etc., resulting in increasing freight rates whereby the existing just and necessary protection to the domestic lumber and veneer interests would be seriously affected by importation from foreign manufacturers.

Moreover, these logs are raw material not producible in this country, and such a duty would put a premium on the cutting down of the small quantities of other hardwoods we do have, which the legislative as well as the executive departments of our country are so solicitous about conserving.

Then, too, the exportation business of the manufactured product from these logs, which is considerable and increasing, will be menaced by reason of the fact that the foreign manufacturer would secure his logs without the additional costs due to the imposition of duty.

There is this further consideration which should be given weight by the members of the Finance Committee and of Congress: At the outbreak of the war American merchants secured control of the markets in these logs in Central and South America from the Germans and the British, and a profitable export business has, through this control, been built up by American manufacturers. This promising export business not only opens inviting markets to the American manufacturer, but furnishes freight to American steamships at a time when there is a dearth of it for our merchant marine.

And while members of the committee will naturally scrutinize statements coming from an interested source, I am confident that, after your most careful examination and reflection, you will find the proposed duty to be indefensible from the point of view of importer, manufacturer, consumer, and laborer, and generally prejudicial to the commercial interests of the United States.

Yet all these disadvantages would—after the expenses of inspection, handling, and measurement—result in only a negligible advantage, if any, of a net return to the Government.

I would like to have you feel, Senators, that I am here with my associates to give you all the information in our power. We desire to be helpful to the committee in bringing out the truth. We welcome any interrogation, and we court the fullest investigation.

Senator WALSH. What do you estimate the revenue to this country will be under this tax?

Mr. WILLIAMS. Last year the importations of mahogany and cedar logs into this country was in the neighborhood of 50,000,000 feet. The figures as given before the House committee represented a value of $4,500,000. Ten per cent duty on that would be $450,000.

Senator WALSH. What do you estimate to be the cost of collecting it?

Mr. WILLIAMS. I think it would be a million dollars.

Senator WALSH. What makes you think that?

Mr. WILLIAMS. Because this is a very bulky raw material. We have the American valuation in this bill, and this wood is brought to this country in cargo loads on steamers carrying from three to five thousand tons. In order to secure the valuation it will be necessary to examine the timbers.

Senator WALSH. How many ports do these steamers come to, where there will have to be agents to inspect them?

Mr. WILLIAMS. Probably from six to eight from the Gulf as far east as Boston. You must remember that each log will weigh from 2 to 7 tons. Each one has to be handled in order to be measured. We have estimated, and I have taken the opinion of most all engaged in that business in the country, and it is thought that can not be done. We can not handle that wood the second time.

Senator SMOOT. There are no such woods produced in the United States, are there?

Mr. WILLIAMS. None.

Senator SMOOT. Then the American valuation will not cut any figure on that. They will not have to be examined, because if that is the case we take the foreign valuation.

Mr. WILLIAMS. Then I misread the act.

Senator SMOOT. The House provision will be changed in that respect.

Mr. WILLIAMS. That will simplify matters and will somewhat reduce the cost, but nevertheless I am convinced that the cost of collecting the revenue will be more than the Government will receive.

Senator McLEAN. If the examiner takes the invoice value it will not cost very much.

Mr. WILLIAMS. Then you will have to handle the wood to get the quantity.

Senator McLEAN. Not if they take the statement of the importer.

Mr. WILLIAMS. I think we are prohibited by the administrative feature of the present bill from doing that. Of course, if you make it as easy as possible we can greatly reduce the cost of handling and measuring woods.

Senator SMOOT. It is measured now, is it not? You do not rely entirely upon the foreign exporter for the number of feet in these logs, do you?

Mr. WILLIAMS. No. We remeasure all the wood.

Senator WALSH. At the manufacturer's plant you measure it?

Mr. WILLIAMS. Yes, sir.

Senator WALSH. Not at the port of entry?

Mr. WILLIAMS. Oh, yes, at the port of entry, where we have unusual facilities for doing it. These photographs show that the steamers come in and the entire cargo is thrown at once into the water and we measure it at our convenience. But the difficulty and the cost of handling these units that run from 2 to 7 tons each in weight is tremendous. Unless you have the machinery provided for that, it will be almost impossible.

Senator SIMMONS. Mr. Williams, there is one thing I can not quite understand about this paragraph. Various kinds of woods are specified here, and an ad valorem of 10 per cent is placed upon them. Then the manufactured parts of the woods are enumerated and a duty of 15 per cent is placed upon them. Then in what we might call the "catch all" clause there is "wood unmanufactured, 20 per cent ad valorem."

Senator SMOOT. That is for the mills.

Mr. WILLIAMS. I think that refers entirely to the mills.

Senator SMOOT. Oh, entirely.

Senator SIMMONS. That is confined to the mills?

Mr. WILLIAMS. Entirely so.

Senator SIMMONS. Very well.

Mr. WILLIAMS. That the imposition of a duty on this raw material would injure the American mechanic—would affect hundreds of thousands of men—can not be questioned; and we have the utmost confidence that you have at heart the real interests of all classes, and that nothing could be further from your thoughts than action which would result in the destruction of an important business interest, and I therefore ask that you will favorably consider amending the proposed bill by continuing the phraseology of section 648 of the present wood schedule, which reads as follows:

FREE LIST.

Woods: Cedar, including Spanish cedar, lignum-vitæ, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all forms of cabinet woods, in the log, rough, or hewn only, and red cedar (Juniperus virginia) timber, hewn, sided, squared, or round; sticks of partridge, hair wood, pimento, orange, myrtle, bamboo, rattan, reeds unmanufactured, India malacca joints, and other woods not specially provided for in this section, in the rough, or not further advanced than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, fishing rods, or walking canes.

STATEMENT OF REUBEN ARKUSH, REPRESENTING WILLARD HAWES & CO. (INC.), NEW YORK CITY.

The CHAIRMAN. You may state your name.

Mr. ARKUSH. Reuben Arkush.

The CHAIRMAN. Where do you reside?

Mr. ARKUSH. New York.

The CHAIRMAN. What is your business?

Mr. ARKUSH. Importer.

The CHAIRMAN. Importing what?

Mr. ARKUSH. Mahogany and cedar logs. We do not manufac ture them. We import and sell them to concerns like Mr. William and Mr. Otis.

I have written down two or three short notes I would like to ca attention to. I will not be 10 minutes.

To show you what it does for the railroads, last year we importe and sent into Pensacola five small steamer cargoes which went fro Pensacola to Louisville, and gave freight for 400 cars. In May v imported by the small steamer *Trafalgar* 1,354 logs. Two-thirds them went west in 84 cars, going to Cleveland. We had 2,500 to from Africa direct, which was shipped west in 150 cars. It is m opinion that in a very short time all those logs will be sawed in Mexi and shipped as lumber, if there is a duty put on the raw materi on the raw logs.

The steamship *Gran* arrived yesterday from Mexico with 1,8 tons of logs and 200,000 feet of sawed lumber. There are a numb of sawmills there that used to saw the lumber for England, but n England can not buy. The English market and Continental mark are not buying anything, and they are shipping it to New York a we are selling it. On those logs we are paying $25 a thousand fe Scribner measure, and on the lumber a freight of $12 a thousand fe That is handicap enough for the American mills. They have up-to-date modern sawmill in Mexico, and if there is a duty on lo which will increase the cost to the manufacturer here, other mi will be built—there are mills now in Central America and Nicaragua and the lumber will come here sawed, because the freight will half as much.

Senator McLEAN. You could remedy that by raising the duty sawed lumber.

Mr. ARKUSH. I was just going to say, if you answer, "Very we we will increase the duty on sawed lumber," you are reminded th there is a limit above which you can not fairly go in assessing dut on lumber from Mexico as compared to lumber from Canada. The is a limit as to what duty you can put on sawed lumber.

Senator WALSH. Why?

Mr. ARKUSH. You would not put a prohibitive duty on sawed lumber?

Senator McLEAN. It would not be a prohibitive duty on sawed lumber if it was not produced in this country. You would have to charge the duty to the consumer here.

Mr. ARKUSH. I hardly think we would want to put so high a duty as 10 or 15 per cent on lumber.

Senator WALSH. Will you give us very briefly a concrete case, showing the duty on 100,000 feet of logs imported to America and 100,000 feet of sawed lumber.

Mr. ARKUSH. One hundred thousand feet of logs, at $100 a thousand, the duty would be $1,000; and 100,000 feet of lumber, it would be $1,500.

Senator WALSH. The difference is not enough?

Mr. ARKUSH. The difference is not enough. I do not believe, as a matter of fact, that Mr. Fordney intended to put a duty on the logs. The first copy did not provide a duty, and then he was bombarded with telegrams, and he said, "Oh, yes, you are right. We will have to put a high duty on lumber." So he made it 15 per cent.

Senator WATSON. If this tariff is imposed, will as much of that lumber be imported as hitherto?

Mr. ARKUSH. Logs will not be imported. They will be sawed into lumber.

Senator WATSON. And the lumber imported?

Mr. ARKUSH. And the lumber imported, because the freight on the lumber is not much over half what it would be on logs. A vessel will carry double the number of feet of sawed lumber that it will in logs.

Senator WATSON. Suppose this rate stands as it is in this bill, it practically excludes the logs, and the business will be carried on by the importers with sawed lumber?

Mr. ARKUSH. Sawed lumber, yes, sir. Mr. Otis is a sawmill man from New Orleans, and he will talk from that point of view.

(The witness submitted a letter written by him under date of August 23, 1921, as follows:)

NEW YORK, *August 23, 1921.*

Hon. BOIES PENROSE,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: We have asked permission to appear before you to protest against the proposed duty on rough mahogany and cedar logs, and other rough cabinet woods.

Never before has there been a duty imposed on the rough log, and the importation of mahogany and cedar logs in this country has been growing from year to year, and is now of considerable importance. Mills for the converting of the logs into lumber and veneers are established in New York and vicinity, Philadelphia, Baltimore, Louisville, New Orleans, Mobile, Cincinnati, Chicago, Cleveland, Indianapolis, and in all the important middle west cities. Millions of dollars are invested in these mills that convert the logs into lumber and veneers. To impose a duty on the logs will only encourage the building of mills in Mexico and Cuba and other places of production. None of these woods grow in this country, therefore a duty is not required for protection. It has been the policy of this Government to encourage the importation of these tropical hardwoods, in order to protect the diminishing supply of our own domestic hardwoods.

The inconvenience that would be caused to the importers and the steamship people in measuring the logs and delaying the discharge of the steamers would be considerable, and we really believe that the cost to the Government would practically absorb the duties that it would collect from this proposed new tariff. On the other hand, the 10 per cent duty, plus the additional cost by reason of delays and rehandling, would

considerably enhance the price of mahogany and cedar lumber to the manufacturer, which would be reflected in the cost of furniture to the consumer.

We can absolutely see no benefit to the Government in this proposed tax, and only a great handicap to the industry. We therefore can not too strongly protest against the proposed tax on the rough mahogany and cedar log. There is already a duty on sawed lumber and on veneers, to which there can be no objection.

Yours, very truly,

WILLARD HAWES & CO. (INC.).

STATEMENT OF FRANK G. OTIS, REPRESENTING OTIS MANUFACTURING CO., NEW ORLEANS, LA.

The CHAIRMAN. What is your business?

Mr. OTIS. Importing and manufacturing mahogany logs into lumber.

The CHAIRMAN. We have heard two witnesses on that subject.

Mr. OTIS. I only want to supplement what Mr. Williams said in his statement: An average cargo of 500,000 feet would have an additional cost to measure logs and assess duty of $10,900, and it will be necessary for us to bring these logs in and land them on the wharf, have them measured, bring them out on freight cars up to our plant, and again discharge them into our boom.

The CHAIRMAN. Do you desire to file a brief?

Mr. OTIS. No, sir.

The CHAIRMAN. That is all you have to say?

Mr. OTIS. Yes, sir.

Senator SMOOT. Most of these logs are made into veneers?

Mr. OTIS. Into lumber and veneers.

Senator SMOOT. Most of them go into veneers?

Mr. OTIS. No, sir; the largest percentage goes into lumber; 80 or 90 per cent goes into lumber.

Senator WALSH. What differential should there be, in order to protect the labor, between the duty upon the logs and the duty upon the sawn lumber, in your opinion?

Mr. OTIS. In my opinion, there should not be a duty on the logs at all.

Senator WALSH. Assuming that there is.

Mr. OTIS. Assuming that there is, there should be a difference of at least 30 or 40 per cent.

Senator WALSH. So that if this rate of 10 per cent ad valorem on logs stands, the lumber schedule——

Mr. OTIS (interposing). It amounts to 30 per cent.

Senator WALSH. The lumber schedule would amount to about 40 per cent ad valorem?

Mr. OTIS. Yes, sir.

Senator WATSON. How many mills are there in this country sawing these logs?

Mr. OTIS. There are about 10 mills, representing an invested capital in the neighborhood of $20,000,000. That goes into a dozen industries—furniture, phonograph cabinets, and into trim.

Senator WATSON. And also musical instruments, these fine woods?

Mr. OTIS. Yes, sir.

Senator SIMMONS. What is the price that you have to pay for a thousand feet of mahogany lumber?

Mr. OTIS. In the log?

Senator SIMMONS. Yes.

Mr. OTIS. It varies from $80 to $100, and the cost of the freight amounts in the neighborhood of $40 or $50 for the logs.

Senator SIMMONS. It would be $140?

Mr. OTIS. That is the maximum price.

Senator SIMMONS. What do you get a thousand feet for sawed lumber?

Mr. OTIS. It depends largely on the grade, Senator. We divide up our lumber after we saw the logs into 50 or 60 grades, going from No. 2 common to firsts and seconds.

Senator SIMMONS. You get more for a high-grade log than you would for a low-grade log?

Mr. OTIS. No, sir.

Senator SIMMONS. Let us take the same grade.

Mr. OTIS. We buy it log run, as you might say. We make a contract with a man in the Tropics to bring out the logs as they come. Some logs will be worthless.

Senator SIMMONS, Referring to awhile ago when you said $140, including the freight, were you giving the average price?

Mr. OTIS. Average price.

Senator SIMMONS. What is the average price at which you sell, after you have manufactured—that is, what is the profit?

Mr. OTIS. It nets us about 10 per cent. Of course, those costs vary from time to time, as freights vary and tropical prices vary.

Senator SIMMONS. That is the profit? I was trying to get you to tell me what you sell those boards for.

Mr. OTIS. An average price on our log run would be in the neighborhood of $160 to $170.

BRIEF OF FIFTY LEADING IMPORTERS AND MANUFACTURERS OF MAHOGANY.

Section 404 represents a radical departure from a uniform governmental policy in tariff legislation, for heretofore that policy has been to keep on the free list such raw material as was not produced or producible in this country, and to impose a duty only upon the manufactured article. It is clear that this policy has been reversed in this case, as was pointed out at the hearing and as will be emphasized again in this memorandum. For since the Civil War—neither under Democratic nor Republican administration—has any duty been imposed upon mahogany or other tropical hardwood logs. And all that the parties in opposition to the proposed new duty are asking is that these logs be permitted to remain where they have thus far been and where they belong—on the free list.

The proposed import duty will not be for the benefit of the Government, inasmuch as the expenses of measurement, handling, etc., by the Government would greatly exceed the 10 per cent duty, which, according to the figures submitted to Congress for the year 1920, would be about $450,000 gross. Under the present well-recognized conditions of business generally it would be appreciably less.

Yet—by the following statement of Mr. Frank G. Otis, of the Otis Manufacturing Co. of New Orleans, who is peculiarly well informed upon the subject—it appears that the additional cost of handling the hardwood logs if they are put on the dutiable list would be more than twice the amount of the import duty, and that the Government would not only not receive any income but would be subjected to an actual expense:

At the present time the three mahogany mills located in or near New Orleans are built on the banks of the Mississippi River. All logs received by these mills are now brought in on ocean-going steamers right to the three log ponds located directly in front of these mills. The steamers discharge their log cargoes directly into the several log ponds in the Mississippi River as quickly as the steamers' gears would permit. From a day and a half to two days has been the usual time necessary to completely discharge a cargo of logs.

Often a large steamer has been able to discharge a cargo of logs and to load an outbound export cargo in a week's time.

"Once logs are discharged into the several log ponds in the Mississippi they float down to the mills without further delay or expense and are cut into lumber.

"Assuming that a duty is imposed on these logs, it will be necessary to secure a very large wharf capable of holding 2,400 tons where cargoes will be landed for measurement and examination. The following expenses will necessarily be incurred:

"Wharfage at 14 cents on steamer of 2,000 tons (which includes 6 free days).	$280.0
"Assuming logs are left on wharf 3 weeks during measurement (less 6 free days), there would be storage charge at 10 cents a ton for 15 days........	3,600.0
"Inspection fee measuring cargo, 15 cents per ton........................	360.0
"Moving 500,000 feet (2,400 tons) from dock to our plant would necessitate 125 freight cars, switching charges each car $11.33..................	1,416.2
"Labor handling logs on wharf for inspectors (logs weigh from 1 to 7 tons)..	268.8
"Labor unloading and rolling into ponds in Mississippi River, $10 per thousand feet..	5,000.0
"Total..	10,925.0

"For mills located just above port there would be an additional charge of $14 per thousand feet, principally for railroad freight.

"If the Fordney bill should become a law, the amount of duty that would be collected on an average cargo would not exceed $5,000. Yet the accompanying expense—no matter by whom it is borne—would amount to $10,925.05, in the end a serious and direct loss to American shipping. For the result would be that the importation of mahogany and cedar would be discouraged, and the construction of mills throughout Central America, Mexico, Africa, and possibly Germany encouraged to the disadvantage of the American laborer as well as the American importer and manufacturer."

If it be proposed that this expense be unjustifiably loaded upon the importer, then it would inevitably happen that these woods would come into this country as manufactured lumber and not as raw material in the shape of logs; for otherwise this additional expense, incurred directly and indirectly by reason of the duty, would seriously handicap the sale of the sawed lumber to the ultimate manufacturer and by him to the domestic and foreign consumer.

These logs on reaching this country enter into the following among other manufacturing industries: Cigar box, furniture, interior trim, and piano manufacturers; railroad coach builders; talking machine manufacturers; panel and pattern makers; shipyards and boatbuilders; cabinet makers; aircraft manufacturers; planing mills; office equipment manufacturers; picture-frame makers; coffin manufacturers; carpenters and builders; musical instrument makers; novelty manufacturers; street-car builders; bowling alley (lignum vitae), flooring, sporting goods, automobile, soda-water bar fixtures, electrical equipment, and molding manufacturers.

Inasmuch as the payment of the duty and expenses by the importer would largely exceed the 15 per cent protection afforded to lumber manufactured from these logs, there would be a menacing, if not disastrous competition, both here and abroad, between the American manufacturer and foreign manufacturer, who will get his logs free of duty.

If such logs are put on the dutiable list, with the consequent embarrassment of handling them as described in Mr. Otis's statement, its effect upon our merchant marine will be that shipments will be diverted to other countries; for even at present the steamship companies carry these logs under considerable difficulty and with a freight rate largely in excess of that for manufactured lumber. The steamship companies have already notified the importers that they can not handle the freight under such conditions as would be brought about by imposition of the proposed duty, which would also be a serious financial burden to importer and subsequent manufacturer. The consequent loss also to the railroads of many thousand carloads of freight on logs for shipment to interior mills is apparent by a reference to the statement of Mr. Arkush.

The sawing of these logs is an important item in the manufacture and, according to the common testimony of all the importers, requires the employment of thousands and thousands of laborers. If the proposed duty be imposed, the benefit of this first and substantial manufacture will go to the native laborer in the mills of Africa, Mexico, and Central and South America and not to the American laborer.

Many of these industries—into which, as stated above, tropical hardwood lumber enters—during the war began to acquire a substantial export business, which, having regard to general business depression, is continuing acceptably. If the extra cost be added to these logs, consequent upon the imposition of this duty, these manufacturing industries must for a long time surrender any hope of continuing their export

trade or of reacquiring it under the conditions which the provisions of 404 of the proposed tariff bill would bring about.

Those appearing in opposition to section 404 of the bill urge upon Congress and the Senate Finance Committee this further consideration: That at a time when it is notorious that there is a general business depression there should be no change for the worse, so far as the importer or manufacturer or exporter is concerned. If there is to be any change, it should be for the betterment of industry and not to its embarrassment, though it is to be remembered that these importers and manufacturers and exporters are not asking for any modification of existing conditions.

In short, instead of seeking to impose additional burdens upon business, it is respectfully suggested that the success of business should be promoted by any legislation where it is required and by leaving present conditions as they are when favorable to business revival.

It is for this reason that the importers, speaking for themselves and for such manufacturers and exporters as they have consulted, respectfully urge upon Congress that the present provisions of the Payne-Aldrich tariff bill—which have been the provisions of all tariff bills since the Civil War, and even before that—be left undisturbed.

They further submit that any additional income the Government may seek to derive from the importation, manufacture, and export of tropical hardwood logs and lumber—but not in fact securable through this proposed duty—should be obtained out of Federal income taxes collected of corporations and individuals engaged in this industry, which, with general business revival, will prosper, and thus yield to the Government the desired increase of revenue.

CEDAR POLES.

[Paragraph 405.]

STATEMENT OF T. M. LANE, NEW YORK CITY, REPRESENTING THE CEDAR POLE INDUSTRY.

The CHAIRMAN. Mr. Lane, will you state where you reside?

Mr. LANE. I am an attorney, Mr. Chairman and members of the committee, residing in New York City.

The CHAIRMAN. Whom do you represent?

Mr. LANE. I represent 12 concerns who handle and market at least 85 per cent of the cedar poles for wire-carrying purposes produced both in Canada and in the United States. A telegram which I have just received states that these concerns whose names are signed to our petition produce between 60 and 70 per cent of the total cedar-pole production of the United States. When the committee is informed that at least two-thirds of the poles used for wire-carrying purposes in this country are cedar, it will appreciate that the petitioning interests are fully representative both of production and sale in this country.

The CHAIRMAN. What part of the United States do those poles come from, chiefly?

Mr. LANE. They come chiefly from Montana and Idaho, which are the chief producing States at this time. There are some in the State of Washington, but not so many.

The paragraph regarding which I wish very briefly to address you is 405 of the House bill. It imposes a duty of 10 per cent ad valorem on telephone, trolley, electric-light, and telegraph poles of cedar and other woods. I am here to submit a petition on behalf of the interests producing and handling these commodities, requesting that the ad valorem classification of cedar poles be abolished, and that they be given the same treatment as the other round timber in the act. All other round timber is either free or dutiable a[illegible] rate. Poles are the only exception, I believe.

I might add, Mr. Chairman, that Mr. C. P. Lindsley, the chairman of the Red Cedar Association, came to Washington about two weeks ago, upon my notification that the committee was to begin hearings, under the mistaken assumption that this subject would be reached. He was forced to return to Spokane, but stands ready to return at any time at the committee's convenience, if further facts are desired than those I am able to present.

Senator WALSH. If that transfer could be made, what would be the rate on cedar poles?

Mr. LANE. There are two rates upon round timber now provided in the bill, in addition to one classification of free entry.

Paragraph 401 provides for round timber used for spars or in building wharves, one-half of 1 cent per cubic foot. We have suggested as one solution of the problem that poles be especially enumerated in that paragraph.

I might say that cedar logs used for poles are also used for piling, and that classification would tend to greater consistency of legislation and avoid litigation, because, as the bill stands now, the same cedar pole when imported for any other use than for wire-carrying purposes will either be free or pay 1 cent per cubic foot duty under 401 or $1 per thousand feet, board measure, under paragraph 402.

Senator SMOOT. The paragraph you are speaking of now is in exact accord—exactly the same right being both in the present tariff, the Underwood-Simmons law, and the Payne-Aldrich law. There is not a thing changed.

Mr. LANE. That is very true, Senator.

Senator SIMMONS. Let me ask you, Are those poles imported for any other purposes except for the purposes mentioned in 405?

Mr. LANE. They are used very largely, Senator Simmons, for piling, wharf-building purposes, as well as wire-carrying poles.

Senator SIMMONS. Do you think there ought to be the same duty?

Mr. LANE. I think the same classification should be given them. As it is now, a cedar pole that is almost identical with the pole used for telegraph-wire carrying will come in under paragraph 401 at a specific rate if we import for making spars or for building wharves. If we import poles for building a breakwater, it is a considerable question whether that is wharf building, and they would come in under 1683 of the free list, under the construction as put upon it by the court as round, manufactured timber, or pay $1 per thousand under paragraph 402.

Senator SIMMONS. Under 401 it is "timber, hewn, sided, or squared otherwise than by sawing?

Mr. LANE. Then it goes on "round timber used for spars or building wharves." If it is used for piling—and a great many of them are—it would be a half cent a cubic foot under that provision, which is round timber and nothing else. The production of poles is a logging proposition; it is not the production of lumber at all.

Senator WALSH. By transferring cedar poles to 401, as you request, would the rate be reduced on cedar poles?

Mr. LANE. It would be reduced somewhat, Senator, but I do not believe that the amount of duty would be reduced. The present rate, as I shall show you presently, is considerably deterrent to importation.

Senator WALSH. Then it is not to get a higher duty, but it is for the purpose of getting all round or pole cedar on an equality?

Mr. LANE. We think it should be treated on an absolute equality. The Underwood bill is 10 per cent and the Payne bill was 10 per cent on foreign valuation. There is a very important difference, and it is a vitally important difference that the committee in this bill has continued the 10 per cent ad valorem rate of the Payne-Aldrich bill and the Underwood bill but by virtue of section 402 has made it applicable to the American valuation.

Senator WATSON. Are any of these poles imported for fence posts?

Mr. LANE. Not in this form. The fence post is a smaller proposition.

Senator WATSON. They are not included in 405?

Mr. LANE. Four hundred and five covers "paving posts, railroad ties" –fence posts are at present on the free list, but appear to be specially provided for in paragraph 406 of the new bill at 10 per cent.

Senator DILLINGHAM. Where do the imported poles come from?

Mr. LANE. They all come from Canada.

Senator WALSH. How much increase under the American valuation plan would 10 per cent cause?

Mr. LANE. Senator, to give you a concrete illustration, an 8-inch, 40-foot pole—that is, one of the poles of which we get great numbers from Canada, costs in Canada as of August 1, about $7.50. On that we pay 10 per cent under the Underwood and would pay 10 per cent under the Payne-Aldrich, which is 75 cents duty on a pole of that size. A pole is a commodity on which the freight is very high. You do not have to carry it a very great distance to double the value. The overhead is high. That same pole delivered in Minneapolis would sell for about $21, and in Chicago about $22, and in New York about $26. The act provides that we must take the American valuation in the principal markets. I presume New York is a principal market. So that if the New York selling value were taken, the duty under the ad valorem rate as it is proposed here would be $2.60 on that pole as against 75 cents on the foreign value as now.

Senator SMOOT. What are the values of those poles in the panhandle of Idaho where they are cut?

Mr. LANE. The same people produce them, and they inform me, Senator, that the domestic pole produced in Idaho would sell by the producer at the same price as does the Canadian pole. I presume the American dealer, if he could get enough poles, would rather sell domestic poles, because he makes more profit on them.

Senator SMOOT. You are adding the highest freight that could be paid in the United States in order to arrive at those figures. That is not what the law contemplates.

Mr. LANE. You can produce those poles in the panhandle of Idaho just as cheap as in the forests of Canada. But the dealers invariably sell on a delivered basis. The utility companies want them laid down at destination.

I just want to call attention to the existing facts without discussing the question of whether that is too high a price or not. Those are the prices they bring, and on those prices they tell me they are not making any money now. You would have the difference between the 75 cents duty on the present basis of assessment, and $2.60 duty on an American valuation basis in New York, $2.10 on

an American valuation basis in Minneapolis. I have taken those two points.

Now, either of the American valuation bases would amount to 30 to 35 per cent duty on the foreign value of that product. I submit that a 30 to 35 per cent duty on a crude lumber product is something that even the most radical advocate of duty on crude timber has never thought of suggesting up to the present time.

Senator SIMMONS. I think Senator Smoot referred to this paragraph here, 405. As I understood your testimony, this rate being the same in this bill as it is in the present law, if the basis of valuation is changed from the foreign to the American selling price, that it will multiply that rate by three and a half.

Mr. LANE. Depending on the size of the pole—anyway, I should say from two to three and a half times.

Senator SIMMONS. I did not mean to say it would multiply the rates, but it will multiply the amount of potential protection about three and a half times.

Mr. LANE. On the pole that I cited, I think it would range from a minimum of doubling it up to three and a half times.

Senator SMOOT. You took a 50-foot pole if shipped to the very furthest point it could be shipped, and then took the American valuation at that point.

Mr. LANE. Senator Smoot, there are two sources of these poles in Canada. The red cedar district is in the intermountain district in southern British Columbia. The northern or white cedar district is in the country around Lake of the Woods along the northern boundary of Minnesota, and the northern shore of Lake Superior so far as the Canadian pole is concerned. The domestic poles, so far as the cedar poles are concerned, are nearly all produced in Montana Idaho, and some in Washington; I do not believe a great many in the latter State. So that so far as they are delivered east, my illustration are not extreme.

Senator WALSH. But if these cedar poles are produced as the Senator states and I know can be bought in Canada, and if his calculation is correct, there is going to be a great opportunity for the cedar-pol man in Idaho to make great profits in shipping to the eastern markets

Mr. LANE. I have not heard that he wants to make great profits I have scrutinized the House hearings and watched them up to date and I have not found anybody asking for any such increase in th duty on poles, unless that duty was not asked for openly.

As I say, my information is that these people who sign this petitio actually produce between 60 and 70 per cent of the poles produce in this country. They would be interested in obtaining protectio if any were wanted. But the fact is cedar poles are so scarce th the interests want poles primarily. They have a market for ever thing they can get, whether in this country or in Canada.

Senator WALSH. Do they export some cedar poles from th country?

Mr. LANE. I think there is a limited exportation to Canada, bu of course, Canada supplies poles largely from her own forests; i fact, high freight rates are the best protection to the producers o either side of the line.

Senator MCLEAN. Is not chestnut used to supply the easter markets?

Mr. LANE. To some extent, but the supply is becoming very, very limited; and the southern pine and cypress, which supplies the southern markets, is not to any great extent sent north, because I understand from the experts that that is not a wood that stands up well under the climatic conditions.

Senator WATSON. These rates provided here are precisely the same as under the act of 1913?

Mr. LANE. Yes, Senator.

Senator WATSON. How have they done any injury? There have been no imports of any consequence.

Mr. LANE. The injury they have done is this—I was coming to that, but I will deal with it very briefly. Of course, the excessive nature of any ad valorem rate, I presume, might be corrected by a modification of the rate. I hope I have made it plain that 10 per cent on American valuation is two or three times the foreign valuation; but the ad valorem rate, owing to valuation difficulties, has been a deterrent, has not produced revenue, and has kept out the Canadian poles.

Senator SMOOT. You want free poles?

Mr. LANE. We think they ought to be free, but these interests have no objection to paying a reasonable specific rate, and I think it would be very short-sighted legislation not to make them free.

The CHAIRMAN. Do you represent the building companies or the pole producers?

Mr. LANE. I represent the pole producers and dealers. I will file some petitions from the utilities companies, but their interest is to have them free. We are not vitally concerned with that.

I want to say this about the ad valorem rates: It has been productive of endless confusion and constant litigation and great hardship. It has been a constant irritant to the trade; the duties collected have never exceeded apparently an average of $30,000 a year, and the statistics show that they decreased about two-thirds in the period between 1911 and 1918. Some of the pole people have informed me that they have stopped shipping on account of appraising difficulties. Very briefly, those appraising difficulties result from this: About 75 per cent of these poles in Canada are bought under contract by the large dealers at prices that are fairly uniform, because they are competitive, and represent large quantities; 75 or 80 per cent are bought that way. There are about 15 per cent of them which represent spot purchases, usually made by contractors short of poles who have to make delivery, and they go up to Canada and pay any price the producer asks—maybe over 100 per cent above the prevailing contract price.

Senator WATSON. How long would it take you to exhaust the American supply at the present rate of consumption?

Mr. LANE. On that point, Senator, I would like to read just a very brief paragraph from the report of the Forest Service of the United States Department of Agriculture, made in response to Senate resolution 311, passed in February, 1920. This report is dated in June, 1920. I will omit everything immaterial, and read from page 23 of that report:

Of the Rocky Mountain States only western Montana and Idaho now produce poles above their needs, and can increase their output in the near future.

The western red cedar is now being cut intensively in Montana and Idaho for poles, piling, posts, and shingles. The regions which are now being exploited will probably be exhausted within the next 20 years, and operations will be transferred to more remote areas. The present cedar lumber prices have diverted into lumber a large proportion of the material ordinarily manufactured into posts and shingles. A continuation of this demand might easily exhaust the entire available supplies of post and pole material in 20 years.

The forests of Michigan, Minnesota, and Wisconsin are, I understand, practically depleted of poles now.

It takes 150 years to grow a 30-foot pole in Michigan and from 75 to 100 years to grow the same pole in the northwestern part of the United States. It appears certain that even at the present rate of consumption, the domestic supply will be exhausted in the life of this generation. The demand is equally certain to grow enormously. Congress has recognized the vital interests of the public in cheaper electricity by passing the water power act last June, and the pole people anticipate under that act an enormous increase in the demand for cedar poles for power transmission purposes. They are the standard pole; they are easier to handle, lighter, have longer life in the ground, are safer for the linemen to climb and are the standard pole and for power transmission in the Western States we must have large poles, which are getting extremely scarce in this country; I mean poles 35 feet and longer.

Senator WATSON. For long transmission lines are not steel poles principally used?

Mr. LANE. I do not think it is correct to say "principally." They are to a large extent. Two-thirds of the poles in use in this country are cedar poles.

Senator WATSON. For long distance transmission?

Mr. LANE. There is a considerable amount of the steel construction, and that is competing to some extent with the cedar poles, but it takes a pretty heavily financed interest to be able to put up that steel construction.

Senator SMOOT. Mr. Lane, I am informed, since you made your statement in relation to the American valuation on poles from Canada and specific reference to the poles being shipped to New York with a freight rate making this rate two or three times the present rate——

Mr. LANE (interposing). Freight and overhead, Senator, I should say, and, of course, there is some additional profit.

Senator SMOOT. Under the American valuation plan as virtually agreed upon by the majority members of this committee, the freight would be deducted in that case from it, and there would be hardly any difference on your poles.

Mr. LANE. Senator, I want to call your attention to just this feature of it: I have read your plan very carefully. Your primary requirement is that the foreign pole shall pay the same duty as the pole of the same kind produced in this country, and a pole from northern Idaho would sell in New York at exactly the same prices I have quoted.

Senator SMOOT. That is not what it is. It is the pole in Idaho. It is where it is produced, and that is the market price.

Mr. LANE. If that act is going to say that, I grant you it is a very different proposition.

Senator SMOOT. This is the ruling and has been under the present law, that if you place your order in New York, then, of course, the freight would be added. But if the order is placed in Montana or Idaho, no freight would be added. The American valuation would be just what it was in Idaho and Montana.

Mr. LANE. Of course, the order would probably be placed, as a practical matter, either in the New York office or in the Chicago office, or in the Minneapolis office of one of these large distributing pole concerns.

Senator SMOOT. If they had to pay twice or three times the amount of duty, the order would not be placed there; it would be placed with the manufacturer at the point produced.

Mr. LANE. If the ad valorem rate is to be continued, we welcome any clarification of the statute that would relieve us from the present implication that the principal market would be in New York or Chicago; which even under the most favorable circumstances would double the duty at 10 per cent.

Senator SMOOT. Not under the proposed arrangements, we would not.

Mr. LANE. Unless you took the value of the Idaho pole in the woods. That is not the selling price.

Senator SMOOT. How much freight did you add there to the $7.50?

Mr. LANE. I gave you the total prices as given to me, and I am not able to analyze this personally.

Senator SMOOT. I can analyze it if you will hand it to me.

Mr. LANE. I just had a memorandum of it here, Senator. Here, Senator [handing paper to Senator Smoot].

Senator SMOOT. Yes; that is what it is.

Mr. LANE. Those figures right here are given for three poles. I would be very glad to request the pole people to supply you with full details of that matter. I do not think they desire to suppress anything or obtain anything that is not entirely fair.

Senator SMOOT. The only desire I have is that the record be correct as to what difference there would be, and I did not want your statement to go unchallenged.

Mr. LANE. I want to get it right.

Senator SMOOT. When the man who administers this law and virtually has it in charge advised me that the statement made by you would not be the result as it would be administered, I thought the record ought to show it.

Mr. LANE. I want to be corrected if I am not right.

Senator SIMMONS. But, in any event, it is double?

Senator SMOOT. It would not be; it would not be any different.

Mr. LANE. Unless you take the value on the siding or in the boom where it was cut, it would be.

Senator SMOOT. That is what you have got to do in Canada; that is what we do here.

Mr. LANE. I want to say, Senator, that that is practically contrary to the contention the administrative officers are making even at present with respect to Canadian poles; they are contending that resale prices at delivered points are the dutiable values.

Senator WALSH. If that is insisted upon, this American valuation plan in any instance will not mean anything, if they do not take the value at the place of delivery?

Mr. LANE. In cheap and heavy commodities it is perfectly obvious that the freight will double the value.

Senator SMOOT. The importations come to New York, and that is the market; they purchase in New York, and the American valuation will apply to that as against any foreign country.

Mr. LANE. Of course, Senator, these pole people have selling offices in every principal city.

Senator WALSH. On something produced in the West the American valuation must be what that article is worth in New York, plus the rate fixed to protect American labor. It is to take care of the difference in labor in America and Europe.

Senator SMOOT. That is as to the amount of duty, but not as to the American valuation; and there is a difference of opinion as to whether that difference for freight should be taken care of even by protective duty, and there had to be some limit to that. But that does not affect the American valuation.

Mr. LANE. I am willing to concede, then, Senator Smoot, in order to simplify the record, that if the producing point be in the woods of northern Idaho, at a price in the boom or on skids or on a siding opposite the railroad track—if those production prices were taken as dutiable value, it would be substantially the same as the Canadian value just across the line. But we do not see how under the law any such value can possibly be taken, and we do not believe it will be taken by the administrative officers, unless you instruct them specifically in that law to take the value at the point of production.

Senator SMOOT. Of course, you said "delivered at Minneapolis."

Mr. LANE. That is the selling price delivered.

Senator SMOOT. Of course, that is the price and all in it?

Mr. LANE. Yes, sir.

Senator SMOOT. I understood you to say the freight.

Senator SIMMONS. You do not think in ascertaining the American market value for wheat, that you would take the farmer's price on the farm. But you would rather take the price at some central market where wheat is bought and sold in large quantities.

Mr. LANE. If it is taken in the central markets, it will include the freight and profit at that market. That is a very different thing from the producing price at the point of production. I do not interpret this statute as it now reads as justifying anybody in going back to the point of production, unless that happens to be the market.

Senator SMOOT. If it was purchased there it would be the price, but if it is not—if you want to pass through New York or Chicago—it would not be.

Mr. LANE. As a practical matter, these things are sold through distributing agencies all over the United States, and they are sold at delivered price as the customer wants it that way.

But if I may, very briefly, in closing, state this: The pole people would like very much to get together with a subcommittee of this committee or any subcommittee on the question of the ad valorem rate and the duty which is to be applied, if the committee desires, but we earnestly hope that you will depart from this ad valorem principle. As I say, it has collected no revenue, but has been a source of constant trouble. We appreciate the difficulties of the appraising officers. A carload of poles will come across the line to-day at a

contract price, purchased under one of these large contracts, and the next day some spot purchaser will come over and buy at a value 100 per cent higher. The appraising officer promptly advances the price on the first shipment and that raises a controversy. We are confronted with that all the time. Practically every one of those controversies have been decided favorably to the large pole interests, up to date, but we have been in court constantly for three years.

Senator SMOOT. What you want is free poles, and if you can not get free poles, you want specific duty?

Mr. LANE. We would be satisfied with a specific duty, but we think they ought to be free.

Senator SIMMONS. I want to understand Senator Smoot. Do I understand you, Senator, to contend that the American value, for the purpose of applying the tax, will be one thing at one port of entry and another thing at another port of entry?

Senator SMOOT. I did not say that at all. I said if those poles were purchased direct from the producer of poles in the panhandle of Idaho or Montana that the freight, whatever it would be—if it was to New York—would cut no figure whatever, because that would not be taken into consideration. If somebody in New York needs these poles and has a firm in New York purchase them, and send the order out to Idaho, then New York would be the point of purchase.

Senator SIMMONS. I supposed it did not make any difference where the order was given, but that to ascertain what was the American selling price by some rule you would lay down that valuation would be the same throughout the whole United States. If it does not mean that, it is a very awkward proposition to say the least of it.

Senator WATSON. The witness has had 30 minutes.

The CHAIRMAN. I think so.

Mr. LANE. If I may state very briefly my suggestion as to specific rates. We have suggested that poles be put in paragraph 401, with round timber used for spars or in building wharves at one-half of 1 cent per cubic foot; we have also suggested that you put them in paragraph 402 providing for logs of cedar dutiable at a dollar a thousand with exemption, if no export restriction is imposed by the country of origin. These are nothing in the world but cedar logs—a logging operation.

The CHAIRMAN. You have all this in your brief, have you not?

Mr. LANE. We have suggested that it be put in 1683 of the free list, where we think they really belong, because all that we can produce in this country plus all that we can get from Canada will not supply our domestic wants.

The CHAIRMAN. You want your brief printed, do you?

Mr. LANE. I have a printed brief; I should like to have it printed.

The CHAIRMAN. It will be printed as a part of Mr. Lane's remarks.

Mr. LANE. I would also like to submit, if the chairman please, a number of letters from the public utility companies dealing with the pole situation.

The CHAIRMAN. I do not think the committee cares to print letters. We will have to bar them. You make the statement for the utility companies, we understand.

Senator WALSH. Make a statement in a paragraph naming the companies.

The CHAIRMAN. You can state the companies.

Mr. LANE. I have letters from the Consumers Power Co., of Jackson, Mich.; the Cities Service Co. (Henry L. Doherty Co.), New York. N. Y.; Union Gas & Electric Co., Cincinnati, Ohio; General Utilities & Operating Co., Washington, D. C.; Louisville Railway Co., Louisville, Ky.; and the Georgia Railway & Power Co., Atlanta, Ga.; and there are probably numerous others that have not been sent to me, calling the attention to the great scarcity of poles in this country and the difficulty of getting satisfactory poles and the need of making the Canadian supply available to consumers.

The CHAIRMAN. You will doubtless realize we get a good many letters ourselves.

Mr. LANE. There is no doubt about that, Mr. Chairman. We cut from our woods 3,500,000 to 5,000,000 poles every year, young trees that have not reached maturity.

BRIEF OF T. M. LANE, NEW YORK CITY, REPRESENTING THE CEDAR POLE INDUSTRY.

The undersigned are dealers in cedar poles used for telegraph, telephone, electric light, trolley, and power transmission purposes, and respectfully petition your committee and Congress to remove from such poles the ad valorem duty, which has been the cause of endless confusion, litigation, and hardship, and to give these commodities their natural classification with round timber, which, under the pending bill, is either exempt from duty or dutiable at specific rates. (See pars. 401, 402, 1683, H. R. 7456.)

Telephone, trolley, electric light, and telegraph poles of cedar or other woods are made dutiable at 10 per cent upon American valuation by paragraph 405 of H. R. 7456.

Following is a summary of the reasons for requesting this change in the law:

1. The ad valorem duty on poles has raised very little revenue in the past and promises to raise none in the future upon the basis proposed.

These poles were dutiable at 10 per cent ad valorem on foreign valuation under the Payne-Aldrich tariff of 1909 (par. 204) and at the same rate on foreign valuation under the Underwood tariff of 1913 (par. 170). This duty has been so difficult of administration that it has proved a serious obstacle to importations and has raised very little revenue.

The publication entitled "Statistics of Imports and Duties," prepared for the use of the Committee on Ways and Means, gives the value of and duties collected upon imports of paving posts, railroad ties, telephone, trolley, and electric light poles, from 1911 to 1918, inclusive, as follows:

[Rates of duty, 10 per cent.]

Fiscal year.	Values.	Duties collected.	Fiscal year.	Values.	Duties collected.
1911	$1,014,112	$101,411	1915	$225,030	22,503
1912	775,587	77,558	1916	145,799	14,759
1913	511,219	51,121	1917	351,603	35,160
1914	409,449	40,944	1918	347,910	34,791

The duties collected on poles are not stated separately from the duties on paving posts and railroad ties, and the duties on posts and ties undoubtedly form a substantial portion of the above totals. These figures demonstrate that, at the rate of 10 per cent ad valorem, the amount of revenue collected upon poles has been unimportant.

It will also be noted from the above tabulation that the duties collected on the commodities named decreased about two-thirds in the period between 1911 and 1918. This was doubtless due in large measure to the restriction imposed upon importation by the peculiar and intolerable difficulties, hereinafter discussed, attending the administration of an ad valorem rate upon poles.

Under H. R. 7456 the ad valorem rate of 10 per cent imposed for the last 12 years on foreign valuation is continued, but is made payable upon the American valuation

of the poles. This forms a striking exception to the general policy of the bill, which has been to decrease the ad valorem rates to compensate for the increased value under the American-valuation plan. The result will be an increase over the amount of duty collectible on poles under the Payne-Aldrich and Underwood tariffs in excess of 100 per cent.

Poles are a cheap commodity on which the freight is high. A pole does not have to be transported a very long distance to increase its value 100 per cent on account of the freight charge. We thus have a situation where the Government presumably will collect half or more of its duty on the element of freight expense.

Poles are generally sold in this country at a price delivered at destination and, naturally, selling prices in the United States are as varied as points of delivery. A green pole, worth no more to the dealer than a seasoned pole of the same length and diameter, sells for considerably more delivered at destination on account of its heavier weight. In filling large orders it is difficult to obtain the necessary quantity of seasoned poles and green poles must often be shipped, so that the same commodity in the green state, and intrinsically no more valuable than a seasoned pole, will have to pay a much higher amount of duty.

The proposed law furnishes no rule for determining which of the widely varying prices charged at points of delivery in the United States must be selected for the purpose of entry and appraisement at the customhouse. The difficulties of declaring the correct American valuation for this commodity, under section 402, are beyond solution.

Furthermore, the supply of cedar poles is so limited in the United States that any increase in duty would immediately raise the price of domestic poles, resulting in a still more formidable duty on Canadian poles. Even without any advance in the price of domestic poles, the enormous increase effected by shifting the same rate as imposed heretofore from the basis of foreign to American valuation, thus doubling the duty, will certainly mean the complete extinction of the trade in Canadian poles at a time when our domestic needs imperatively demand that the Canadian supply be made available to consumers in this country.

2. The destruction of immature trees is a menace to our forests.

The cutting of millions of small trees every year before they reach their maturity of growth, usefulness, and value is contributing heavily to the destruction of our forests and requires that the supply be enlarged before the demand becomes heavier.

The annual consumption of poles is estimated at quantities ranging from 3,500,000 to 5,000,000 poles, 95 per cent of which are cut from our own forests. It takes 150 years to grow a 30-foot pole in Michigan and from 75 to 100 years to grow the same pole in the northwestern part of the United States. The Forestry Department of the Federal Government has estimated that the privately-owned supply of cedar poles in the northwestern United States may be exhausted in 20 years. The cedar forests of Michigan, Minnesota, and Wisconsin have been largely depleted, long poles having almost disappeared and the supply of short ones becoming more and more limited. Long poles, i. e., poles 35 feet and upward in length, are a necessity for power transmission purposes, which is to say that they are indispensable to the proper development of our hydroelectric power.

3. The treatment of cedar poles in H. R. 7456 is inconsistent with the treatment of other round timber and opposed to the general legislative policy favoring free timber.

In every tariff act since 1870 logs and round unmanufactured timber have been placed upon the free list. This policy is continued in H. R. 7456. Under paragraph 15[illegible] of the bill "logs and round, unmanufactured timber" are still on the free list. While paragraph 402 expressly names cedar logs and imposes a duty of $1 per thousand feet board measure, the proviso to the paragraph makes such logs free if imported from a country imposing no export restrictions on this class of logs. It is obviously intended that no duty shall be imposed on timber in the form of cedar logs.

The treatment of cedar poles in H. R. 7456 is strikingly inconsistent with the treatment of other round timber.

Paragraph 405 of H. R. 7456 expressly provides for "telephone, trolley, electric light and telegraph poles of cedar or other woods," at a duty of 10 per cent on American valuation. These poles are nothing but small logs of cedar; that is to say, they are round cedar timber.

Paragraph 401 of H. R. 7456 imposes upon "round timber used for spars or in building wharves" a duty of one-half of 1 cent per cubic foot. Precisely the same cedar log as that used for a pole may be also used for piling in wharf building. The inconsistency is obvious of assessing a cedar log at only one-half of 1 cent per cubic foot when used for wharf building and at the very much higher rate of 10 per cent on the American valuation of such log when it is used for a wire-carrying pole. Considerable confusion seems also inevitable to determine the classification as between paragraphs

401 and 405 wherever there is a competing use for piles as against use for poles. It is equally inconsistent to assess round timber for spars, a very much more valuable product than a pole, at the lower rate of one-half of 1 cent per cubic foot.

As already seen, paragraph 402 of H. R. 7456 makes "logs of * * * cedar," dutiable at $1 per thousand feet board measure, with a proviso making such logs free of duty if no export restrictions are imposed by the country of origin. This proviso will undoubtedly have the effect of making cedar logs free. It follows that full grown cedar logs will pay at the most $1 per thousand feet and will in all probability be exempt from duty under paragraph 402. Such logs will compete with similar mature timber from our own forests, and properly so, for the soundest reasons of conservation. But a small cedar log such as can be used for a pole will be assessed at the prohibitive rate of 10 per cent on American valuation, under paragraph 405. With the Canadian poles thus shut out there will result an increased destruction of the small timber which should be left standing in our own forests to maturity.

A duty upon cedar poles, enumerated as such, was imposed for the first time in 1890, since which time there has been a decided change in the status of the domestic supply. The tax on poles has been a striking exception to the settled general policy in favor of free timber, which doubtless has had for its basis the conservation of our forests as well as the exemption of the raw material for our lumber mills. If there ever was a reason for the taxation of round timber used for wire carrying, it has disappeared in the light of present-day facts regarding the depletion of our small standing timber and the failure of reforestation to keep pace even approximately with the destruction.

There can be no justifiable reason for tariff protection of domestic cedar holdings. The best protection to the American producer is the high freight charge on Canadian poles. Only about 5 per cent of the poles used in this country are imported. The Tariff Commission's report to the Committee on Ways and Means shows that 95 per cent of the poles used in this country are of domestic production. (Summary of Tariff Information, 1920, p. 276.) The signers of this petition include large domestic producers who would be interested in obtaining protection if it were necessary or desirable.

There is no question of competition with manufactured lumber. The production of poles is a logging operation. The only work done in Canada on the poles is that which has to be done in the woods to produce a stick of timber such as would clearly fall within the exemption of round unmanufactured timber, as construed by the courts, were the commodity not expressly designated as dutiable. All of the other processes adapting poles for use as wire-carrying poles, such as notching, and fitting with crossarms, squaring, roofing, creosoting, etc., are applied in this country.

4. Conditions that attend the administration of an ad valorem duty are peculiarly burdensome and embarrassing in the case of poles.

Probably 75 per cent of the total importations of poles are bought in Canada under contract at prices which are fairly uniform for a given time, and the contracts and records of the dealers have always been open to the Government. There are, however, always a number of spot purchases being made by contractors and others in the United States who must have poles for immediate delivery and are willing to pay almost any price for a few carloads. These spot purchases will sometimes run nearly 100 per cent above normal contract prices and are subject to violent fluctuations.

The regular contracting buyer can not possibly know what the occasional buyer, who is short of poles, may have paid, and the widely variant prices are extremely bewildering to the customs officials. For the greater part of the last three years the situation has been almost chaotic.

The difficulties from the standpoint of the appraising officials are fully appreciated and it would seem that the small amount of revenue collected did not justify the burden of uncertainty in the matter of dutiable value which has rested both upon the customs officials and upon an important and essential industry. It is probable that considerable amount of the revenue collected has been consumed by the expense to the Government of investigating and testing values.

These problems will be intensified by the application of American valuation to this commodity, owing to the widely varying prices at points of delivery. In the opinion of petitioners, it will operate as a complete barrier to the importation of Canadian poles.

5. Changes recommended in the provisions of H. R. 7456.

Having in mind the pressing needs of this country in the immediate future, petitioners are profoundly convinced that the imposition of any duty on this product would be unwise. They accordingly urge that poles be placed unconditionally upon the free list.

To accomplish this unconditional exemption of poles they suggest that paragraph 405 of Schedule 4 be amended so as to exclude the matter italicized in the subjoined quotation of the paragraph:

"PAR. 405. Paving posts, railroad ties, *and telephone, trolley, electric light and telegraph poles* of cedar or other woods, 10 per centum ad valorem."

The above change should be supplemented by amending paragraph 1683 of the free list so that it will expressly include such poles, by addition of the italicized matter below:

"PAR. 1683. Wood: Logs and round, unmanufactured timber; *telephone, trolley, electric light, telegraph and power transmission poles of cedar or other woods;* firewood, handle bolts, shingle bolts, gun blocks for gunstocks, rough hewn or sawed or planed on one side, sawed boards, planks, deals, and other lumber, not further manufactured than sawed, planed, and tongued and grooved; clapboards, laths, ship timber; all of the foregoing not specially provided for: * * *."

If your committee decides that some duty should be imposed then we earnestly request that it may be determined upon a specific duty basis.

We submit that a very simple solution of the problem of imposing a specific rate can be arrived at by classifying these poles with "round timber used * * * in building wharves," now provided for in paragraph 401 of H. R. 7456 at a specific rate of one-half of 1 cent per cubic foot. Since, as already stated, the same cedar logs that are used for poles are also used for piling, this would tend to greater consistency of legislation and avoid litigation on the question of classification. To accomplish this paragraph 401 should be amended by the addition of the italicized matter as indicated below:

"PAR. 401. Timber, hewn, sided or squared otherwise than by sawing (not less than eight inches square), round timber used for spars or in building wharves, *and telephone, trolley, electric light, telegraph and power transmission poles of cedar or other woods,* one-half of 1 cent per cubic foot."

A further method of imposing a specific rate with conditional free entry can be effected by classifying poles with other "logs of, * * * cedar" in paragraph 402 of H. R. 7456. That paragraph as modified would then read as follows, new matter being in italics:

"PAR. 402. Logs of fir, spruce, cedar, or western hemlock, and *telephone, trolley, electric light, telegraph and power transmission poles of cedar or other woods,* $1 per thousand feet board measure: *Provided,* That any such class of logs *or poles* cut from any particular class of lands shall be exempt from such duty if imported from any country, dependency, province, or other subdivision of government which has, at no time during the twelve months immediately preceding their importation into the United States, maintained any embargo, prohibition, or other restriction (whether by law, order, regulation, contractual relation or otherwise, directly or indirectly) upon the exportation of such class of logs *or poles* from such country, dependency, province, or other subdivision of government, if cut from such class of lands."

If either of the last two suggestions are adopted the provision for poles should be stricken from paragraph 405 as first above proposed.

In suggesting that cedar poles be classified with other logs and round timber, petitioners do not indorse the proposal to put either logs or poles upon the dutiable list as they believe that they should be free without condition.

6. Free entry is the logical and effective relief.

Not only the conservation of our forests but the development of electrical power will be subserved by the free entry of Canadian cedar poles.

The interest of the public is vital in cheap electricity and low telephone and telegraph rates. Poles form a heavy item of the investment of public utilities and carry equipment forming a much larger investment. The necessity of obtaining poles with strength and lasting qualities at the lowest possible cost is great. The cedar pole supplies these requisites and is the standard pole for carrying electric wires. It has long life in the ground, symmetry, strength, is less dangerous to linemen in all kinds of weather, can be easily climbed and is lighter and cheaper to handle. At least two-thirds of the poles in use in this country are of cedar. A very large proportion of the poles imported from Canada are used by the power companies for transmission purposes.

The present rate of consumption will probably exhaust the domestic supply of cedar poles within the life of this generation. The demand will grow enormously with the advance of the program of electrical development, under the encouragement of the new water power act and the necessities arising from our diminishing coal supply. Under the water power act of June 10, 1920, we are promised, in a recent article written by the executive secretary of the Federal Power Commission, that "a new era is ahead in the development of electric power and its wider distribution and more intensive application in industry and transportation." The only cedar poles imported come from Canada and all that can be imported when added to those produced in this country will hardly supply the demand resulting from our constantly increasing consumption.

Under all the circumstances we submit that the interests of the Government, the consumer, the general public and the conservation of our resources will be best subserved by a complete removal of the duty on poles and that the minor loss of revenue will be more than compensated by the economic gain.

The undersigned petitioners believe it conservative to state that they handle and market at least 85 per cent of the cedar poles produced both in Canada and the United States.

B. J. Carney & Co., Spokane, Wash.; The Lindsley Bros. Co., Spokane, Wash.; Lost Creek Cedar Co., Ione, Wash.; The MacGillis & Gibbs Co., Milwaukee, Wis.; National Pole Co., Escanaba, Mich.; Naugle Pole & Tie Co., Chicago, Ill.; Northern Cedar Co., Spokane, Wash.; Page & Hill Co., Minneapolis, Minn.; T. M. Partridge Lumber Co., Minneapolis, Minn.; Valentine-Clark Co., Spokane, Wash.; J. H. Baxter & Co., San Francisco, Calif.; Baxter & Jordan, Los Angeles, Calif.; Thomas M. Lane, attorney for petitioners, 149 Broadway, New York City.

CEDAR SHINGLES.

[Paragraph 408.]

STATEMENT OF GEORGE A. BERGSTROM, REPRESENTING THE PACIFIC TIMBER CO., OF EVERETT, WASH.

Senator McCUMBER. Congressman Johnson, I believe you were jus now attempting to see if you could get several of these witnesses wh desire to speak upon the shingle industry to select one man, if possible to cover the same subject.

Mr. JOHNSON. Mr. Chairman, I would like to have you hear two o them and let the third man have permission to enter an appearance We would also like permission to file briefs. I would like to file on in opposition to this theory that is being so widely agitated b pamphlets that a tariff on lumber, like a tariff on oil, is a blow at th conservation of American resources. I shall not take up the time o the committee in an attempt to show that those who advance idea with respect to saving privately owned timber for posterity is a mis take. It can not be saved that way. It is what we live on. Yo will not conserve it by letting Canadian or other timber come in You will force good timber to go into railroad ties and put our saw mills out of business.

I would like to call Mr. Bergstrom to make a statement with refer ence to the tariff on shingles, which has been placed at 50 cents pe thousand. We would have preferred to have had that tariff at 6 cents per thousand. I would like to have the committee interrogat Mr. Bergstrom with regard to Canadian timber, their Crown-lan system, their leasing plan, and their embargo scheme, all of which ar used to the detriment of the American industry and none of whic benefit the American consumer.

Mr. BERGSTROM. Mr. Chairman, I represent the Pacific Timbe Co., of Everett, Wash., manufacturers of red-cedar shingles.

I do not know that I have much to say in addition to my testimon that was given before the Ways and Means Committee of the Hous last January. I shall be brief. In that connection, however, I wi say that the predictions and prophecies that we made at that tim have actually come to pass. We can not compete with Briti Columbia mills under severe competition. Our company operate two mills. It has an investment of about $200,000 and employs 10 men, all Americans, and practically all married, and most of the owning their own homes. On account of our inability to secure th

raw material at a satisfactory price, we have been shut down since the first of this month, while our Canadian competitors have been operating continuously, and some of them even operating night and day.

Senator SMOOT. You are speaking now of shingles?

Mr. BERGSTROM. I am speaking absolutely of shingles. I am a shingle manufacturer. At the time of closing our mills the average log cost of British Columbia mills on cedar was $16 delivered at the mill, while our average cost was $18 base, or an average of $19. This made operation of our mills impossible under existing conditions, as this to-day practically means a differential in their favor of $3 a thousand for the raw material.

Senator SMOOT. What are you asking for on shingles?

Mr. BERGSTROM. Fifty cents per thousand.

Senator SMOOT. That is provided for in the bill.

Mr. BERGSTROM. Yes.

Senator SMOOT. That is satisfactory to you?

Mr. BERGSTROM. That is satisfactory.

Senator WATSON. Is anybody opposing that?

Mr. BERGSTROM. I do not know. We were told to appear here.

Senator SMOOT. We have not heard of any opposition.

Senator WATSON. I am wondering why you are bolstering up a case that nobody was attacking.

Mr. BERGSTROM. I do not know whether there is opposition or not. We were notified to appear here. We did not care to make this trip from the West coast here, traveling 3,000 miles, unless it was necessary.

Senator SMOOT. No one has been asked to appear.

Mr. BERGSTROM. We were notified on Saturday to leave Sunday morning, as arrangements had been made to appear before the committee Friday, August 26, and I certainly did not want to take this long trip unless it was necessary.

Senator McCUMBER. However, you are aware of the very widespread demand for free lumber and free building material, and it is in anticipation that that might have some influence that you are down here?

Representative JOHNSON. I think that is exactly it. Cedar trees stand in the woods about one to eight or ten. Cedar trees are logged along with spruce and fir. They come off together. Now, to attempt to keep all the fir timber of the Pacific Northwest standing for our children's children will make it impossible to get out the cedar logs. To-day the Canadian shingle business as against the American business has increased from $1,700,000 value to this country, shipped, to over $12,900,000; that is, Canadian shingles in our market. And as far as I am concerned I agree with the two Senators who have spoken—I have heard of no opposition to this 50-cent tariff. I would like to take time to speak to the committee with regard to making it 60 cents.

Senator McLEAN. Just one question. I suppose these cedars grow in with the Douglas fir?

Representative JOHNSON. Yes.

Senator McLEAN. Without indicating any opposition to adequate protection for the shingle industry, I assume that the conservationists

claim that both the fir and the cedar should be left uncut and conserved?

Representative JOHNSON. I suspect that.

Senator McLEAN. What have you to say to that?

Representative JOHNSON. It seems to be a fact, from what figures I can get, that the States of Oregon and Washington have more standing timber of all species suitable for manufacture than the entire Dominion of Canada——

Senator McLEAN. Is that true?

Representative JOHNSON. Yes; with the single exception of red cedar. Red cedar in the Province of British Columbia amounts to 125,000,000,000 feet as compared with 25,000,000,000 feet remaining in the State of Washington and 12,000,000,000 feet remaining in the State of Oregon; that is to say, British Columbia has more good cedar standing than we have. But I will leave this to any business man as to how you can conserve timber by requiring private owners not to cut timber, either cedar or spruce.

Senator SMOOT. Mr. Bergstrom, are you satisfied with paragraph 408 as it stands?

Mr. BERGSTROM. Yes.

Senator SMOOT. Then you have no objection to the paragraph as written?

Mr. BERGSTROM. I have no objection to the paragraph as written, Senator.

Senator SMOOT. In the balance of the time allotted to you will you kindly make a statement to the committee in relation to the embargo that Congressman Johnson referred to?

Mr. BERGSTROM. In June of this year I made a special trip to Vancouver, British Columbia, with the object of buying cedar logs. At that time they were selling at $16 delivered at Vancouver, while our logs were averaging around $19. I was in a position to buy cedar logs from the loggers in British Columbia at $17, Canadian money, delivered in Anacortes, Wash. Seventeen dollars Canadian money at that time would have amounted to about $15.30 American money. My tow from Anacortes to Everett is 90 cents. Those logs would have cost me $16.20 delivered as against $19 for American logs. I was prevented from buying these logs on account of the embargo. The Canadian Government would not allow the exportation of those logs.

Senator McCUMBER. Why?

Mr. BERGSTROM. They practically maintain an embargo at all times on cedar.

Senator McCUMBER. But why?

Mr. BERGSTROM. I do not know.

Senator SMOOT. Were they Crown lands?

Mr. BERGSTROM. No.

Senator SMOOT. Were they privately owned lands?

Mr. BERGSTROM. They were what they call licensed lands.

Senator SMOOT. Well, then, they were grant or Crown lands?

Mr. BERGSTROM. No; the grant and Crown lands are different from those lands.

Senator McCUMBER. Those are Canadian public lands?

Mr. BERGSTROM. Yes.

Senator McCumber. Under their law allowing leases they do not allow any exportation of the logs themselves, do they?

Mr. Bergstrom. Crown grant lands comprise about 6 per cent of the standing timber in British Columbia and are exportable at any time.

They defend their position on the embargo with the statement that they are preserving their own timber for their own manufacturers, but, at the same time, while they maintain that embargo against the American manufacturers they are shipping logs and bolts to Japan. In other words, they are protecting their own Canadian manufacturers on the cheaper raw material as against the American manufacturers on their higher priced raw material, because 80 per cent of their finished product is sold in the United States in direct competition with the American manufacturer.

When I was there in June I also investigated labor conditions. They were paying \$3.60 for white labor, base price, for 9 hours' work, or 40 cents an hour. We were paying \$3.60 for 8 hours, or 45 cents an hour. Other white labor was paid in proportion. Oriental labor was considerably cheaper.

Senator McCumber. How about the efficiency of their labor as compared with ours?

Mr. Bergstrom. They claim that the white labor is more efficient than the oriental labor. If that is true why do they hire oriental labor?

Senator McCumber. Are they paying the same price for the oriental labor that they pay for the white labor?

Mr. Bergstrom. No; they pay less for oriental labor than for white labor.

Senator Smoot. Where do the shingles exported from America go?

Mr. Bergstrom. We do not export very many shingles. A few of them have been shipped to Honolulu.

Senator Smoot. Those would not be exports. I mean the foreign countries. For the year ending June 30, 1920, we exported \$153,972 worth; and for the year ending June 30, 1921, we exported \$157,784 worth. I thought may be you knew where those exports went.

Mr. Bergstrom. Our entire output is disposed of in the States.

Senator McCumber. What percentage of the value of your product constitutes labor itself?

Mr. Bergstrom. Our labor will run around 75 to 80 cents per thousand. Our overhead, covering office force, supplies, insurance, taxes, etc., will run around 40 to 50 cents.

Senator Smoot. What proportion is that of the whole?

Mr. Bergstrom. That would be about 65 per cent.

Senator McCumber. In other words, the value of your stumpage would be about 35 per cent and the balance constitutes labor and expense?

Mr. Bergstrom. No.

Senator McCumber. We want to get it in percentage.

Mr. Bergstrom. I did not include the value of the stumpage raw material (cedar logs) at all. I was talking about labor and overhead in the operation of our mills without the raw material.

Senator McCumber. What I want to get is what percentage of the value of your product is taken up in labor and other expenses outside of the stumpage value of your cedar, if cedar is what you use.

Senator SMOOT. Take a thousand shingles. What was the price per thousand shingles?

Mr. BERGSTROM. We will take $2.60 for ordinary grade clears.

Senator SMOOT. $2.60 a thousand?

Mr. BERGSTROM. Yes.

Senator McCUMBER. That is your selling price?

Mr. BERGSTROM. That is our selling price.

Senator SMOOT. Of that amount how much is labor?

Mr. BERGSTROM. About 30 per cent, as far as our own operation is concerned.

Senator McCUMBER. And what is the balance?

Mr. BERGSTROM. There would be about 30 per cent labor, about 20 per cent overhead, and about 50 per cent raw material. That is not exact, of course, although I can give you the exact figures later.

Senator McCUMBER. Where do your profits come in?

Mr. BERGSTROM. There are no profits to-day.

Senator McCUMBER. You are figuring, then, that on the prices to-day you are making no profits at all?

Mr. BERGSTROM. If we were not losing more money than our shut-down expense we would continue to operate, because we have a moral obligation to our employees and their families, which we must recognize if possible to do so.

Senator McLEAN. In the East we pay $7.50 to $8.

Mr. BERGSTROM. Mr. Case, what is our freight to New York to-day?

Mr. CASE. $1.20 a hundred.

Mr. BERGSTROM. The freight is $1.20 a hundred and the shingles that I was speaking about weigh 180 pounds to the thousand. You may be using the price of a different grade shingle than I mentioned; there are several grades of shingles; we make them all.

Senator DILLINGHAM. Where do you market your shingles?

Mr. BERGSTROM. Our shingles are mostly marketed in the Southwest, in Texas and Oklahoma, and throughout the Middle West.

Senator WALSH. I have a memorandum submitted to me by the Western Pine Manufacturers' Association, operating 65 sawmills in Oregon and Washington, and they are going to appear here in opposition to any tariff upon lumber or shingles. They have submitted some questions to me to ask you. One of them is, what is the difference in the cost of manufacturing shingles in British Columbia and in Oregon?

Mr. BERGSTROM. I have no way of having access to the cost sheets of the British Columbia manufacturers; but it is reasonable to expect that if they are receiving nine hours work for the same price for which I am receiving eight hours work, their cost of labor is not only cheaper, but their cost per unit on their overhead on account of increased production must also be cheaper.

Senator WALSH. So you base your reason for thinking that your cost of production is more upon the difference in hours of labor rather than the efficiency of the labor?

Mr. BERGSTROM. As I explained, they are in a position to employ practically the same labor we do. My comparison was on white labor. They prefer the cheaper oriental labor, and it must be profitable or they would not do so.

Senator WALSH. Have not some statistics been printed showing that one white man, with the machinery that is used in America, is

able to do better work and turn out more shingles than several orientals?

Mr. BERGSTROM. I do not think so. They use the same machinery in British Columbia as they do in America.

Senator WALSH. Is the oriental labor as good as the white labor?

Mr. BERGSTROM. I have never used any oriental labor, so I can not answer that question; but they use the same machinery, and they can employ white men if they want to.

Senator McCUMBER. The orientals are not hired to do any expert work at all, are they?

Mr. BERGSTROM. Yes; what they call skilled labor.

Senator SMOOT. Are they Japanese?

Mr. BERGSTROM. I do not believe I have ever seen any Japanese sawyers or packers. They use Chinese. They use Japanese for common labor.

Senator WALSH. Can you give me the actual labor cost per thousand shingles in 1920 in British Columbia and Oregon?

Mr. BERGSTROM. I can not.

Senator McCUMBER. Senator Walsh, he just went over the subject generally before you came in.

Representative JOHNSON. I would like to say that in the brief we will file we will undertake to put those exact comparative costs in. The people from my congressional district have sent representatives into British Columbia to make a study of the costs. We also undertook to find the names of the Americans who invested money in British Columbia in timber grants and timber lands for the purpose of doing business in Canada, and when we undertook to secure those names we found that British Columbia all of a sudden prohibited the publishing of any lists showing such information, although such lists had been published regularly for many years. So if there is going to be a fight from the Western Pine Association on this wood schedule or any part of it we want to be in it, and we can meet every argument.

Senator McCUMBER. Is that all, Mr. Bergstrom?

Mr. BERGSTROM. Yes, sir.

Senator WALSH. In view of the fact that the witness has covered in his testimony some of the questions that I wanted to ask him, I shall not proceed any further.

Representative JOHNSON. Mr. Case is here. He is a large manufacturer, and I think he can give you very quickly some information on this subject.

STATEMENT OF E. E. CASE, OF RAYMOND, WASH.

Senator WALSH. May I submit to you a list of questions, Mr. Johnson, and ask for answers to them?

Representative JOHNSON. Yes, sir; I shall be glad to answer, as far as I can, at your convenience.

Senator McCUMBER. Mr. Case, I wanted to ask one of your witnesses here who can answer the questions to give me some light on the subject, and I do not know but what I might as well start in by asking you questions on this subject. This last summer I had occasion to take a trip up the McKenzie River, in Oregon, where the Government, in conjunction with the State, is making a road from

Eugene, Oreg., across the mountains on the east. That road goes through the finest belt of Oregon timber—immense trees 200 feet tall, with diameters near the butt of 6 and 8 feet. They paid $1.50 on an estimated thousand for pulling those logs off of the roadway, which is 40 feet wide, and piling them up. They are chopped down and then sawed into lumber lengths and piled up 10 and 20 feet high in places. The stumps are blasted out. They are building a good, substantial road from there down to Eugene, where it connects with the Southern Pacific. I asked them what they would do with those logs; if there was any way of utilizing them after the road is completed for over 40 miles through that fine forest, and if they could not dispose of those logs.

They informed me that the logs would simply have to rot there, the finest timber that you ever saw; that labor was so high that it was even impossible to take portable sawmills up there and take the logs that were already cut into timber lengths and saw them and take them to market. If we can not, with our labor cost, take logs that do not cost anything and move them on trucks, after being sawed into lumber, a distance of 30 or 40 miles, I confess that I am unable to understand how we can protect ourselves against a market anywhere else. I would like to hear you upon that subject in order to ascertain why it is that we can not even compete with those logs, the finest pine and spruce there is in the United States, already cut, and not the cost of a penny for stumpage.

Mr. CASE. The matter of transportation is of considerable importance. If it were necessary to transport those logs 40 miles on trucks at the present price of logs, a man could not load and pile them on a truck and make his wages.

Senator MCCUMBER. Of course they would not truck the logs. If they were going to do anything, they would simply saw them into portable lumber and then, over as good a road as there is here, take them from 30 to 40 miles to market. And remember that it costs nothing for the logs; if anybody will take them away they can have them.

Mr. CASE. Your statement that these logs run from 6 to 8 feet——

Senator MCCUMBER. I did not mean to say that 6-foot logs were the smallest.

Mr. CASE. But the fact that they are large logs would almost prohibit using a temporary mill, a small sawmill. You would have to have pretty heavy machinery to handle a log 6 or 8 feet. Besides, those logs are strung out along the road for the whole 30 miles. Of course, logs of that diameter would be the most profitable in the fixed cost of the amount of clear. The amount of clear is the only thing that pays us in the manufacture—that is, if there is any such thing as paying us. To-day the lumber business is probably in as bad a way on the Pacific coast as it ever has been, due, I suppose, from the price of lumber caused by the competition all over the country. Everything is on the downward turn, and everything goes down faster than labor, which constitutes the great percentage of cost in both lumber and shingles. It is almost prohibitive to cut those logs that you speak of along the roadway in a temporary sawmill. The only way they could be utilized to any advantage would be for a man to buy some other timber. But the stumpage is not always the thing that counts. While it is a factor, the stumpage is not the only

thing that counts. It is the cost of getting the logs from the woods out, and there are some places where it costs more than others. Take a strip of timber 30 miles long and 140 feet wide. You understand that to gather up those logs the cost of transportation would be more than the stumpage amounted to, which would be two or three dollars per thousand.

Senator McCumber. When lumber was selling at about $60 a thousand, it would seem to me that there ought to be a market for those logs.

Mr. Case. That was in 1920?

Senator McCumber. Yes; in 1920.

Mr. Case. 1920, you understand, was a very abnormal year. Not only was the lumber high, but wages and everything that entered into our costs were the highest ever known. Our labor and supplies and everything else were higher during 1920 than they were in any other year.

You asked if there had been any opposition. We know that there is opposition. We know that there is going to be a fight, and we know where the fight is going to come from. That is why I am here to-day. I did not appear before the Ways and Means Committee. Mr. Johnson has stated to you that we want to file a brief. We are going to give you the exact figures of the cost of manufacture of shingles in British Columbia and in Oregon and in Washington. We will also give you the names of the mills. It will be no general proposition. We will give you the names of every shingle mill we can cover, so that you will know where they come from, and you can then go back and check us up.

Senator McCumber. The main trouble now is due to labor and transportation?

Mr. Case. Yes, sir.

Senator McCumber. And the labor in the cost of transportation is responsible for the high transportation costs?

Senator Walsh. Does not labor cost the same, whether lumber comes from British Columbia or from Oregon to the East?

Mr. Case. To a certain extent the transportation cost is the same. When shingles are shipped from Vancouver to Montreal and down into Massachusetts—the State that you are from, Senator Walsh—the cost to the Canadian manufacturer is less than it is to the American manufacturer, because they ship them by the way of Montreal, and there is no war tax charge, only from the United States to the line, and the excess war tax would only apply from the border. That applies to the Eastern States. Also they ship them as far as they can on the Canadian roads.

Senator Walsh. Is not the Canadian shingle sold at a higher price in America than the Oregon and Washington shingle is sold for in the East?

Mr. Case. That is true and it is not true. There are some American manufacturers that get as much for shingles as the Canadians, and some Canadians sell shingles as cheaply as the Americans.

Senator Walsh. Is not the Canadian cedar shingle of a higher quality; does it not, therefore, receive a higher price, and does it not actually compete with the Oregon or Washington shingle?

Mr. Case. No, sir.

Senator WALSH. Well, there are some Canadian shingles that sell for a higher price in the eastern market than the Oregon shingles.

Mr. CASE. Possibly a very few.

Senator WALSH. The Canadian shingles do undersell you?

Mr. CASE. In some cases.

Senator WALSH. Why is it that their importation has been so small compared with the total consumption, if they undersell you?

Mr. CASE. Their importation has increased very rapidly; that is, they have built mills up there and increased something like 300 or 400 per cent since the tariff was taken off.

Senator WALSH. What was the total consumption of shingles in America last year?

Mr. CASE. I can not tell you that right offhand. The importation from Canada was about 11,000,000.

Senator WALSH. What was the total production?

Mr. CASE. I can not tell you offhand what the total production was last year.

Senator WALSH. I have been reading the record here of the Fourth Annual Red Cedar Congress. I believe you attended that congress?

Mr. CASE. Yes, sir.

Senator WALSH. What was the date of that congress?

Mr. CASE. December, 1920, or January, 1921, was it not?

Senator WALSH. The date is not given here.

Mr. CASE. I think it was December, 1920.

Senator WALSH. At this convention a resolution was presented in favor of a tariff upon cedar shingles?

Mr. CASE. Yes, sir.

Senator WALSH. And I take it that out of courtesy to some of the Canadian producers who were present the resolution was not pressed?

Mr. CASE. No, sir.

Senator WALSH. But I notice in the minutes before that when the matter was under discussion Mr. Sanders, who evidently is a Canadian manufacturer, made these assertions, which I do not find answered: "The only thing I ought to consider well before you pass that resolution is whether you have a ghost of a show of accomplishing anything by passing such a resolution through this congress. You have to prove, of course, to make it possible for you to get protection, that the thing that you want that protection against is underselling you or else you have no sympathy at all. If you could get this through I would not blame you at all for going after it, but if you can not get it through in your own minds or you think there is a possibility you can not get it, would it not be better for harmony and dealing together to kill that resolution, because you would have to have the support of the Canadian manufacturers," etc.

Senator WATSON. What is that from which you are reading?

Senator WALSH. I am reading from the minutes of this convention.

Mr. CASE. Would you like to have me explain that?

Senator WALSH. No. I think that while you expressed yourself in favor of a tariff, you thought under the circumstances it should not be pressed, and the resolution was defeated?

Mr. CASE. I would like to explain that.

Senator WALSH. I want to ask you why this statement made by him was not answered in this discussion, "That thing that you want that protection against is underselling you or else you have no sympa-

thy at all." In other words, I find through an argument here he claims that they are overselling you in America, and not underselling you. Now, is that the fact?

Mr. CASE. As I said before, in some cases they are and in some cases they are not. The reason that that was not answered was this. We have a shingle association, whose minutes you have read, that was formed for the purpose of advertising and increasing the sale of cedar shingles, and for the betterment and inspection, both of shingles in Canada and the United States; and on account of those gentlemen being part of the association, we did not think it was the proper time to discuss these things. Therefore, Mr. Sanders was not answered.

Senator SMOOT. Mr. Case, can you tell me why the increase of importations in shingles for the year ending June 30, 1920, was greater than the importations for the year before or the following year?

Mr. CASE. Last year?

Senator SMOOT. Well, for the year ending June 30, 1919, there were imported into this country shingles to the amount of $5,863,927; but for the year ending June 30, 1920, there were imported into this country shingles to the amount of $12,593,760. For the year ending June 30, 1921, there was $7,444,319. Why were the importations for the year 1920 greater than those for the year preceding or those for the following year?

Mr. CASE. The comparsion that you have mentioned would be for the years 1919, 1920, and 1921.

Senator SMOOT. Yes.

Senator WALSH. I have some figures, Senator Smoot. I wonder if they correspond with yours. I would like to ask the witness.

Senator SMOOT. These are the official figures from the department.

Senator WALSH. Do they show that the number of cedar shingles imported from Canada was $14,000,000 worth?

Senator SMOOT. No.

Senator WALSH. And the number of shingles produced in Oregon and Washington were 700,000,000 and importations only 14,000,000?

Senator MCCUMBER. Seven hundred million what?

Senator WALSH. Shingles.

That is 700,000,000 against 14,000,000 from Canada. Can those figures be explained, Mr. Case?

Mr. CASE. I did not get that. We are getting into pretty big figures.

Senator SMOOT. I stated the prices, Senator Walsh. I imagine you are giving the number of shingles that were manufactured.

Senator WALSH. The question I have here is how many million feet of cedar logs were utilized in 1920 by all Oregon and Washington manufacturers, and the answer is 700,000,000. The next question is how many were imported in 1920 from British Columbia, and the answer is 14,000,000.

Senator MCCUMBER. Those are the logs and not the shingles.

Senator WALSH. Yes; those are the logs. I thought they were shingles. Of course, the same proportion would be true as to shingles.

Mr. CASE. I could not answer that question. I have never seen that statement there.

Senator DILLINGHAM. Can you answer Senator Smoot's question?

Mr. CASE. Yes, sir.

Senator DILLINGHAM. Let us have that answer. I am interested in it.

Mr. CASE. There are two features that go into that. During the time of the war, with which you are all familiar, this country——

Senator SMOOT. This is not during war times.

Mr. CASE. Well, this will lead up to it. On the Pacific coast they got out a great deal of spruce, as you know, and they required us to quit our operations in cedar to put in spruce. To qualify that I will say I am in a little different position from some of the witnesses here, inasmuch as we log our own timber and have our own organization and manufacture it; that is, our cedar entirely and some spruce and fir. The Government asked us to discontinue all of our cedar operations and go into spruce, which we did. That left us, when we came into 1919, with all our operations in spruce and fir and necessitated our cleaning up our fir and spruce camps, principally our spruce camps, before we went into cedar again. There was a scarcity of cedar, therefore, that was produced in the United States.

The same condition prevailed, to a certain extent, in British Columbia. But they have a greater percentage of cedar; that is, their forest has a greater percentage of cedar, as ours is distributed among spruce and fir. That made a scarcity of cedar and our mills did not all run. During the war I had four mills and I operated one of them to take care of a few customers. The rest of the mills were closed down because we did not have timber with which to operate them and the Government would not let us log it. The British Columbia mills were favored more and were able to run more.

In 1920, at the time of which I speak, we were unable to get cars to ship our stuff from the American mills. Unfortunately for me, I carried 33,000,000 shingles through the period from the time they were worth $7 to $8 a thousand down to the time they sold for $2.50 to $4 a thousand.

The Canadians with a treaty agreement that they had with the Great Northern Railroad when they went into Canada were able to secure more cars than the American mills could secure. In fact they hauled empty cars by the American mills and brought them back loaded from Canada at a time when there was a chance to make more money in the shingle business than at any other time in the history of that business.

Senator WALSH. Do you say there is a treaty between the Great Northern Railroad and the Canadian Government?

Mr. CASE. I say there was an understanding that they were to furnish all cars that the Canadians wanted when they built the road in there.

Senator WALSH. On that very point, this memorandum which I have before me states that 9 per cent only of the shingles moved east on the Great Northern Railroad from July, 1919, to December, 1920, came from British Columbia, according to the statistics of the Interstate Commerce Commission.

Mr. CASE. Well, I could not say anything about the percentage. I know that what I say is true, that they hauled empty cars by the American mills that were closed down for lack of cars and loaded them and brought them back from the Canadian mills. I do not know anything about your report, but that much I know is true and will be able to verify it. Those are two reasons why there were greater

importations in the month of June, 1920, than there were in any other previous month or in either one of the other years, 1919 or 1921.

Senator WATSON. The Tariff Commission in speaking of this question says: "Canadian shingles have had a better reputation for quality than the American, which, to reduce freight costs, have been kiln-dried until the life is baked out of them." Is that true?

Mr. CASE. That is true of both. The Canadians are not above reproach, as far as drying shingles is concerned, to get underweight, and there are any amount of mills on the Pacific coast trying to cut their shingles to conform with the price they are getting for them, because they can not get enough to pay the cost of manufacture.

Since you have brought up this subject of drying and quality, I will say that I traveled 10,000 miles this spring and visited yards from Springfield, Mass., to the far West. I found among shingles coming from Canadian mills that were manufactured and branded as "perfects"—that is, supposed to be 16 inches long and 5 to 2 when dried—there was not a 16-inch shingle among them; there was not a shingle over 15½ inches long; there was not a shingle that was 5 to 2 among them.

I am just giving you this statement to show you that there are just as poor shingles made in Canada as there are in the United States. These shingles were shipped here and hundreds of cars of them were refused in this country.

Senator WATSON. In other words, you do not deny that poor shingles are made in the United States, but you say there are just as poor made in Canada?

Mr. CASE. We have put on shingle inspection in an effort to weed out the poor shingle. I am probably the oldest shingle manufacturer on the Pacific coast, and I was the first man that ever made a high-grade shingle on the Pacific coast to ship to the Eastern States. And when I talk to you about high-grade or low-grade shingles I know what I am talking about. I continually fought with the other shingle mills to get them to make better shingles, and we are making them better, although some of them are trying to make shingles to compare with the price.

Senator WATSON. The Tariff Commission states that conditions with respect to quality have been improved through the activities of the shingle branch of the West Coast Lumbermen's Association.

Senator MCCUMBER. Let me see if I understand you. You say that in order to reduce the freight in the drying they are dried to such an extent or so rapidly as to get the water out of them and that that injures the shingles?

Mr. CASE. There are some of them that do that, but not all of them.

Senator MCCUMBER. The kiln-drying, then, is liable to injure the shingle itself?

Mr. CASE. Yes; to a certain extent. We are shipping a great many by water to-day to New York, green.

Senator MCCUMBER. When you made the statement about these Canadian shingles being both narrower and shorter than the standard, you meant to say that that was brought about by the kiln-drying?

Mr. CASE. No, sir. It did not take as much timber to make them, or they did not weigh as much. You take an inch off a 16-inch

shingle and you know what you have. When you cut off 1 inch you have cut off quite a bit in weight, and some of them are trying to get their cost out by cutting down on the timber and also on the weight. I never saw a shingle coming from the United States that was cut that way. But I have seen a good many cars that came from Canada. Probably there are American manufacturers that went up there that could not make them down here.

Senator WALSH. There is another line of inquiry that I want to take up for the record. Possibly it has been already covered; and if so, I shall not pursue it. To what extent have roofing substitutes affected the roofing business?

Mr. CASE. I could not tell you just exactly, but it has been to quite an extent.

Senator WALSH. The only fact I noticed that impressed me more than anything else in a recent visit to my home was the extent to which people were using substitutes for shingles. I do not know of anything that impressed me so much in the several houses that I saw under construction. It has affected the business pretty generally throughout the country, has it not?

Mr. CASE. It has to a certain extent, although the demand for shingles has continued good. There has been a great increase in building since the shingle industry started on the coast.

Senator WALSH. The extent to which they are using these substitutes must affect the business.

Mr. CASE. It undoubtedly does affect the business.

Senator WATSON. The Tariff Commission reports that substitutes have affected the consumption of lumber 20 per cent.

Senator McCUMBER. Let me ask you one or two questions directly in point, Mr. Case. Are you operating your mills now?

Mr. CASE. At half time.

Senator McCUMBER. And at a loss?

Mr. CASE. At a loss; yes, sir.

Senator McCUMBER. Are the Canadian mills operating the same way?

Mr. CASE. The Canadian mills, sir, are operating on full time and some of them double time.

Senator McCUMBER. And they are importing now?

Mr. CASE. They sell 80 per cent of their shingles in the United States.

Senator McCUMBER. Then how is the shingle business generally throughout the State of Oregon; are the mills running at full capacity?

Mr. CASE. At least 50 per cent of the mills in the State of Oregon and Washington are shut down.

Senator McCUMBER. And the other 50 per cent are running at capacity?

Mr. CASE. The other 50 per cent are running anywhere from half to full capacity.

Senator McCUMBER. That is evident, in the general aspect, that the Canadians are able to compete now and run their mills at full capacity as against running ours at about half capacity and half of the others running 20 to 50 per cent?

Mr. CASE. Yes, sir.

Senator SMOOT. If you were running full time and producing shingles as cheaply as it is possible to produce them, could you not drive out the Canadian importations?

Mr. CASE. No; we would not drive them out at 50 cents duty.

Senator SMOOT. Then you are not satisfied with 50 per cent?

Mr. CASE. I think that the committee that asked for a duty of 60 cents was very moderate in their request. You take a Royal shingle to-day, the rate of exchange into the United States is $1 a thousand; on a Perfection, the rate of exchange into the United States is 41 cents; on a Perfect the rate of exchange that they save over our money here is 30 cents a thousand. I think they are mighty liberal when they suggest 60 cents. I will give you a little information—that is, I have never seen it: The cost of timber in this country and the carrying charges, part of which is necessitated by our high taxation that we are going to have here and which it is necessary for us to have for a good many years—in Pacific and Grays Harbor counties that I operate in, stumpage is worth from $3 to $4 a thousand. Some of this has been held by the men who have owned it for as long as 30 or 40 years at a price of $3 to $4 a thousand, which is not unreasonable for the carrying cost, considering that they have been paying taxes 30 or 40 years. A section of that timber costs us on the average about $100,000; it is a heavy stand of timber; it is an old-growth timber; it is timber that is ripe and that should be cut. You take at a low rate of interest on $100,000 for a section of timber, and it will cost you $6,000. The taxes on that timber runs from $1,000 to $1,200 a section a year, making a carrying cost for a section of timber in our country there of over $7,000 a year.

I will take you over to British Columbia, and show you Crown-grant land, and I am giving you these figures so that you may see the difference in our carrying costs and see that it costs us more in our country. The Crown-grant land costs a little over $147 a year to carry a section of timber in British Columbia. The licensed land is the same: that is, the carrying costs are about the same. The Crown-grant timber can be exported and the licensed land timber can not. So that we have in our country here $7,000 carrying costs, and the actual carrying costs are taxes, fire prevention, interest, etc., amounting to 25 cents a thousand. On the Crown-grant lands in British Columbia you pay about $150 per year per section until you begin cutting, and the Government carries it, and there are not any other taxes on it at all; it costs us 25 cents a thousand. If you carry this timber in the United States two years, we have absorbed the entire cost of the British Columbia timber to the manufacturers, so far as stumpage is concerned.

The licensed land is not handled as the Crown grant, because on that the price fluctuates according to the price of lumber at the time the timber is cut. To-day it is 85 cents. Consequently, it will take a little over three years carrying costs in the United States on 1,000 feet of timber to cover the entire costs of licensed timber in British Columbia. There is handicap enough.

I say that the committee that came here and asked for 60 cents was mighty moderate, and if they had asked for $1 they would have asked for something reasonable. But we are not going to try to go back and change it. You have 50 cents written in the Fordney bill, and

we are going to try to keep it there. We will file a brief showing these things and giving you in every detail the cost of carrying timber, as that is something I have never seen touched on in this tariff proposition, and that is one thing I wanted particularly to call your attention to.

Another thing I desire to bring before you is the railroad problem. Our railroads in this country are not getting any too much business. As I came across here I found thousands and thousands of cars standing on the siding empty. To-day British Columbia is shipping 80 per cent of all the shingles that they cut, and our mills are standing still, and our railroads are lying still and they need the revenue, and the Government is providing money for the revenue while we are turning this over to the Canadian roads to help take care of them.

Senator WALSH. You brought Mr. Jamison here as a witness?

Mr. CASE. We have a man here who has operated in both places; but along that line——

Senator WALSH. I do not care to bring out anything further. I simply wanted to know if there was a man here who had operated in both places.

Mr. CASE. We have men who own mills in British Columbia and who are operating mills both in British Columbia and Washington—I would say who own mills in British Columbia and Washington, but his Washington mills have not turned a wheel, and he is operating in British Columbia double time. You can draw your own conclusions as to whether it is better to operate in British Columbia or here? We have a man here who is a timber owner in British Columbia but not an operator there.

Senator MCCUMBER. Mr. Johnson, I believe that closes your testimony.

Representative JOHNSON. Mr. McMasters is here with a list of answers to a questionnaire which was sent to all of these shingle manufacturers. From what has appeared you all can see that the opposition seems to come from those who have invested American capital since the passage of the Underwood bill in British Columbia land grants with timber.

Senator MCCUMBER. What do you mean by "questionnaire"?

Representative JOHNSON. The shingle manufacturers sent a questionnaire around to the shingle mills in Oregon and Washington, and the answers show that 90 per cent of all those men favor a tariff on shingles. The exceptions, in most cases, are citizens of the United States with investments over in British Columbia who would have free trade in shingles.

Senator MCCUMBER. Mr. McMasters, you desire simply to file a brief?

STATEMENT OF W. C. McMASTERS, VICE PRESIDENT OF THE McMASTERS SHINGLE CO., KENMORE, WASH.

Mr. MCMASTERS. Our concern personally took this referendum of the Washington and Oregon shingles mills, and I have a sample of a postal card we sent out, with the returns. I have been checking those over and find there are only a very few mills, except those American mills interested both in British Columbia and Washington,

rho have not signed the cards returned saying they are in favor of 0 cents as found in the Fordney bill.

I would just like to answer one question of Senator Walsh: We ersonally have a representative selling shingles in Boston whom he Senator probably knows, and if he is called you will find a comarison of our prices against British Columbia shingles. We have n file many letters from them stating they can not send us business ecause the British Columbia mills undersell us.

REED AND RATTAN.

[Paragraph 411.]

TATEMENT OF CHARLES H. DEMAREST, REPRESENTING RATTAN AND REED IMPORTERS' ASSOCIATION, NEW YORK CITY.

Mr. DEMAREST. I represent the Rattan and Reed Importers' ssociation and also the American Brush Manufacturing Association f Philadelphia and the Importers' Association of New York.

I myself am an importer of reed and rattan. This refers to schedule 11 in the Fordney bill. Rattan is a raw material from which reed s made, and all rattan comes from the Far East, from the Dutch ast Indies and other settlements in the Far East. It is shipped rom there to China, to Germany, and to America, and used for a reat many different purposes in addition to the manufacturing of eeds.

Rattan has always been on the free list for many years past and nder paragraph 648 in the present tariff bill, and reeds unmanufacured have always been on the free list. The manufactured reed we now as a chair reed. Under paragraph 173 in the present tariff bill t now is paying a duty of 10 per cent. Reed manufactured is made n Germany by machines and made in America by machines from this aw rattan, and I might add that recently it has been manufactured n China by American machines which have been sent over there.

Reed unmanufactured is of a different quality entirely, a different rticle you might say. It is a waste material.

The Chinese take this rattan and slice it off by hand with a knife, nd from what is left they pull it through a crude instrument, having flat knife, by hand, and the product is a very cheap, inferior mateial, and this material has always been free, is known as a crude naterial, and has been so decided by the Customs Court of Appeals in pholding the tariff under paragraph 648.

It is used by broom, brush, and basket manufacturers, whom I epresent. This material sells to-day in the market at 9 cents a ound. It cost us landed at New York to-day approximately 7 cents er pound.

In large quantities we sell it at 7½ to 8 cents. The machine-made eed which I have described previously is used in the manufacturing f chairs mainly and sells from 25 to 35 cents and up to 60 cents a ound, and even higher for small sizes. You see, it is made in differnt sizes. This is the size that is used generally for chairs for weaving exhibiting sample to the committee].

Senator WALSH. Do the chair manufacturers manufacture that eed themselves?

Mr. DEMAREST. They do. They make it here of rattan. Then are about 10 manufacturers in this country. These 10 manufac turers make this reed mainly for their own use.

Senator WALSH. The most of them are in my State, are they not

Mr. DEMAREST. The Hayward Bros. & Wakefield Co. are th largest in the manufacture of these for their own use, and all durin these years they had very little to sell to outside small chair or furni ture manufacturers or for any other industry.

I want to describe to you a little difference. In making this ree by hand the Chinese select a better grade than this, more round which is used for chairs as well, which is used for baskets and othe uses, and call it an extra selected or selected reed. That reed sell in the market to-day at from 15 to 25 cents a pound. It is also hand-cut reed, and the Customs Court of Appeals has said that a this is not used for chairs it is free. It is a crude material, use for other purposes than chairs, for baby carriages, and other things But they made a clear distinction, because the tariff says "chai reeds," under paragraph 173.

Senator SIMMONS. It is the same reed?

Mr. DEMAREST. It is the same reed. But it is mainly used fo other purposes than chairs. A small proportion of this is selecte out, that is of a better quality, that we do bring in and sell to a lo of small people who can not afford to pay a price that manufacturer like the Hayward Bros. & Wakefield Co. will not give them. The naturally want to protect their own trade and for their furniture—w do not deny that—that they have never had enough reed for th smaller people, of which there are hundreds and hundreds.

Senator SIMMONS. Is it produced in this country?

Mr. DEMAREST. It is not produced here. There is no hand-cu reed produced here. It is a crude material and employs a grea many Chinese in cutting it by hand.

Senator DILLINGHAM. Are either of these varieties used in th manufacture of brushes?

Mr. DEMAREST. Yes; what we call the cheapest common reed used for brooms and brushes.

Senator SMOOT. In the wording of the bill under consideratio what is the distinction you speak of?

Mr. DEMAREST. The present bill—the Fordney bill—does make distinction. It says in the Fordney bill—you will notice a ver peculiar paragraph——

Senator SMOOT. In the Underwood bill, also in the Payne-Aldric bill, there was a distinction you speak of, but I do not see that the is any in the Fordney bill.

Mr. DEMAREST. Yes, Senator; there is a distinction, and that just what I am here for to protest against mainly for the broom an brush manufacturers. That distinction is this: They say in their bil for the purpose of assessing duties, hand-made reed or cane shall b held to be comparable in value to machine-cut reed or cane of corr sponding sizes. That is dangerous; that is a bad clause.

Senator SMOOT. I think that clause was put in there from th wording here that you complain of in two other bills.

Mr. DEMAREST. It does not get away from what we object to. It a restricted tariff on the broom manufacturers. Here is reed as low 7½ to 8 cents a pound—say, 7 cents it cost us. Twenty per cent base

on the value of machine-cut reed of comparable size which the broom manufacturers use would make the duty 12 cents a pound on 7-cent reed, and therefore restrict the broom manufacturers from using it. In other words, there would be 150 per cent duty according to that clause assessed on reed, hand made.

Senator WATSON. You do not understand that this puts any duty on the raw reed or rattan manufactured?

Mr. DEMAREST. I understand it puts a duty on this unmanufactured reed. There is no other clause providing for it. They have taken it out entirely from the free list, where it has always been.

Senator SMOOT. What you want is a lower rate, if any rate at all, on that used in brushes and brooms. This, however, places, as you say, a duty upon all of them, and does away with the discrimination which is provided in the Underwood and Payne-Aldrich bills. What you complain of is this cheap reed; you think it ought to be on the free list?

Mr. DEMAREST. I certainly do; the same as rattan.

Senator SMOOT. Then there would have to be——

Mr. DEMAREST (interposing). That clause should be stricken out and it should be put in the free list with rattan and split bamboo.

Senator WALSH. How do you make the distinction?

Mr. DEMAREST. The hand-cut reed is imported as hand-cut reed of either three qualities. During this year there has been very little imported of the best grades of these reeds. It is used mainly now for brooms.

Senator WALSH. I suppose the hand-cut is of different qualities, leading up to almost as good reed as the manufactured.

Mr. DEMAREST. No; not as good quality. The manufacturers used it during the war. It was the salvation of the American factories and the industry of chair making and basket making grew enormously. There were small firms all over the country. We have a large list of customers who depended absolutely on this hand-cut reed during the war, and they could not get it from Germany. American manufacturers were selfish enough to use it for themselves, naturally. Why should they not? It was perfectly proper, but we came and imported quite a quantity of this China reed and distributed it around the country and kept that industry working.

Senator SMOOT. You are complaining, then, of the 20 per cent ad valorem on the reed bought and manufactured?

Mr. DEMAREST. We think that under the American valuation that rate is too high.

Senator SMOOT. What are you selling the best grade of hand-cut reed for?

Mr. DEMAREST. From 15 to 25 cents a pound for the best grade of the hand-cut reed.

Senator LA FOLLETTE. What would the rate be under the American valuation?

Mr. DEMAREST. The American reeds are selling anywhere from 60 to 70 cents a pound, and if they are valued at that the rate would be 12 cents a pound duty on an inferior reed.

Senator SMOOT. State just what you want. You want a specific duty?

Mr. DEMAREST. We want a specific duty on the better qualities.

Senator SMOOT. And less than 20 per cent on the cost value?

Mr. DEMAREST. And less than 20 per cent on the cost value.

Senator SMOOT. If you put a specific duty on, then will come directly to the other dilemma of imposing a specific duty on the low-priced reed in comparison with the higher priced.

Mr. DEMAREST. But you can specify on the two better grades.

Senator SMOOT. I am saying if you take out the cheaper reed and put it on the free list, then what percentage do you want here ad valorem—because that is the proper way to have it.

Mr. DEMAREST. Ten per cent, the same as it was before.

Senator CURTIS. There was very little imported dutiable came in?

Mr. DEMAREST. $170,000. It has been cut down since the war.

Senator CURTIS. Then it was a matter of revenue.

Mr. DEMAREST. It looks to me as if it was for revenue, but there must be another reason there.

Senator CURTIS. When it was free, rattan went up to $3,000,000.

Mr. DEMAREST. Rattan is a very large article, if they wanted revenue; why not put a specific duty on rattan? As you say, a 2-cent specific duty on rattan would bring the revenue. I am not advocating that, however.

Senator SMOOT. Take it from the free list and put it where you have it, where you have asked.

Mr. DEMAREST. Reeds unmanufactured ought to stay there on the free list, and split bamboo is there, which is another article for brooms, an article which costs 3 cents, and they put on it 2 cents a pound duty, in the Fordney bill, and it has always been free. It is a broom-maker's material.

You gentlemen were speaking about watches while I have been here. A wrist watch and a 17-jeweled watch. It is just as wrong to put value on a wrist watch as a 17-jewel watch, and place a duty on that as it is on this raw material calling it something else, calling it a machine reed for dutiable purposes.

Senator DILLINGHAM. While we are speaking about that, what class of brushes are manufactured from reeds?

Mr. DEMAREST. We make these push brooms and street brooms, and they fill the corn broom with these, in the center. I might cite an instance why the American manufacturers do not need protection on this material. Here is a card from Hayward Brothers & Wakefield Co., received recently, offering the waste material from the rattans that they cut at 5 cents a pound for broom purposes, so that if the broom manufacturers wanted to use this they could do it. They do not need the protection. Our material sells to-day under the most reduced price at 7 cents per pound. It was selling up as high as 20 to 25 cents for the cheapest material. So that the manufacturer does not need protection on any material he makes into brooms. It is waste.

Senator SMOOT. Supposing we imposed a duty of 2 cents a pound on rattan for revenue purposes, what effect would that have upon the manufactured and wrought rattans?

Mr. DEMAREST. I think there will be other people here who will speak on the question. I am not interested as a manufacturer of rattan.

Senator SMOOT. That is what I wanted to find out.

BRIEF OF CHARLES H. DEMAREST, REPRESENTING THE RATTAN AND REED IMPORTERS' ASSOCIATION, NEW YORK CITY.

This brief refers to Fordney tariff, Schedule 4, paragraph 411, and free list, Schedule 15, paragraph 1683. Unmanufactured hand-cut reeds have always been classed "free of duty."

This is a raw material imported from China, mainly for use in brooms and baskets, and the better selections for cheap chairs, furniture, and baby carriages, and wicker goods of all kinds.

This article is not made here by hand and is not grown here, therefore, I submit, should be free of duty, as it does not interfere in any way with the sale of domestic reed.

Paragraph 411 would assess duty on this low grade of reed on the same value as other reed made here by machinery, by a few very large manufacturers, causing the duty to run (instead of 20 per cent as intended) not less than 150 per cent; as American-made reed in small sizes would be worth 60 cents per pound, against a value on broom or basket reed of 7 cents per pound, making the duty 12 cents per pound on a 7-cent article.

There are other grades of hand-cut reed which are known as selected and extra selected. The same inconsistency in a lesser degree would apply to the levying of duty on the same basis of value on these other grades.

We respectfully submit that this is a raw material, the same as rattan, and should be inserted in paragraph 1683, as it is used mainly in the manufacture of brooms, baskets, furniture, baby carriages, etc., as is rattan, which is used for the same and other purposes, and that a duty which would certainly exclude importation should not be placed on this article.

We submit in paragraph 411 that the words "For the purpose of assessing duties hand-made reed, or cane, shall be held to be comparable in value to machine-cut reed, or cane, of corresponding sizes," be omitted, as it is a most aggravating clause.

Also, "split bamboo, 2 cents per pound," be omitted, and that in paragraph 1683 be inserted "Split bamboo, and hand-cut reed, unmanufactured, for brooms, brushes, baskets, etc., free," as it is free under paragraph 648, act of 1913.

There is another article known as machine-cut reed, imported from Germany and China, which compares in value with machine-cut reed made in America by a few American manufacturers only, mainly for their own use.

Most manufacturers depend on imported reed for their supply, as enough reed has never been produced in this country to supply the very large demand for the various purposes, therefore, recommend that a competitive duty be assessed, not over 10 per cent ad valorem on all machine-made reed, same as present tariff schedule D, paragraph 173. If the Government needs revenue, a 10 per cent duty ad valorem, or a specific duty of 2 cents per pound, be placed on rattan, which is also a raw material, and is on the free list under the present and previous tariffs.

STATEMENT OF WILLIAM S. FERRIS, REPRESENTING THE SIDWAY MERCANTILE CO., ELKHART, IND.

Senator SMOOT. You want to speak on paragraph 411?

Mr. FERRIS. Yes; paragraph 411.

I represent the Sidway Mercantile Co., of Elkhart, Ind., manufacturers of baby carriages and reed furniture. With your permission, I will speak for manufacturers who were here on last Friday and Saturday but who were not able to remain over.

Senator SMOOT. Do you also speak for William A. Ryan?

Mr. FERRIS. No, sir. I speak for Mr. Bloch and for other manufacturers whose names are appended to the brief which I will hand to you in a moment.

We believe, in the first place, in the principle of a protective tariff, and we believe in establishing a rate of duty on reed which will represent the difference between the labor cost of production in China and in the United States.

The present duty on reed under the Payne-Aldrich bill is 10 per cent. The measure under consideration proposes to impose a rate of duty of 20 per cent.

Senator SMOOT. You want 10 per cent?

Mr. FERRIS. We want 10 per cent. You have been advised by witnesses who preceded me that reed is cut from rattan and that no rattan is grown in the United States.

Senator SMOOT. Would you have any objection if we put rattan on the dutiable list?

Mr. FERRIS. Not at all, if you want rattan on the dutiable list, but we would suggest that the rate on rattan be 10 per cent if 20 per is imposed on reed——

Senator SMOOT (interposing). Do you want a proviso here saying that for the purpose of assessing duties, hand-made reed or cane shall be held to be comparable in value to machine-cut reeds or cane of corresponding size?

Mr. FERRIS. We think that is unfair, because hand-made reeds are of much less value than machine-cut reeds.

Senator SMOOT. In other words, you would prefer to agree to a 2-cent rate, or whatever rate it is desired to put upon rattan?

Mr. FERRIS. We are perfectly willing to pay an ad valorem rate on hand-cut reed.

Reed is an absolutely essential material for the manufacture of baby carriages and reed furniture. No substitute material of equal value can be found.

No other single item of material entering into the cost of baby carriages and reed furniture that equals in value the reed used.

The baby-carriage manufacturers in the United States have a capital investment of approximately $15,000,000.

They employ, under normal conditions, about 8,000 operatives.

There are upward of 100 manufacturers of furniture, by whom reed and winding cane are used. These manufacturers have an investment of about $40,000,000 and employ normally 27,000 operatives.

Senator SMOOT. What is the China hand-cut reed worth per pound to-day?

Mr. FERRIS. From 15 to 25 cents per pound.

There are about 10 American cutters of reed, only four of whom, I understand, cut reed in any large quantities. I am advised by what seems to be dependable authority, that they have invested in that industry approximately $3,000,000 and employ not over 600 operatives.

Reed is, as I think I have said, an absolutely essential material in the manufacture of baby carriages. There is no single item of material entering into the manufacture of baby carriages and reed furniture that can be used as a substitute.

Senator SMOOT. What is the percentage of labor cost?

Mr. FERRIS. As compared with the material cost?

Senator SMOOT. What percentage of the total cost of the baby carriage is labor cost?

Mr. FERRIS. About 35 per cent, I think. I think that would cover it.

You understand, of course, that there is no hand-cut reed made in the United States. The machines used for the purpose of cutting it are largely manufactured by one single manufacturer, and he, I am advised, has supplied a large proportion of the machines used in China as well.

That manufacturer tells me that one machine will produce in nine hours 334 pounds of reed, in sizes from 4 to 6 millimeters. Granting that the operator receives 50 cents an hour, which is high, the labor cost is less than 1.5 cents per pound.

Senator SMOOT. That is cutting alone.

Mr. FERRIS. Then there is the handling charge of perhaps half a cent a pound. Mr. Demarest said to you that the cost of Chinese reed varies from 15 to 25 cents per pound. A 10 per cent ad valorem rate—the rate under the Payne-Aldrich bill—applied to that amounts to as much as or more than the entire labor cost of producing the reed in the United States.

As I said to you a moment ago, we appeal to you most earnestly to keep the rate at 10 per cent, or, as it now appears in the Payne-Aldrich bill, and not to raise the rate to 20 per cent.

Of these 10 American manufacturers to whom I referred a moment ago, 4 of them are American manufacturers of reed furniture, that is to say, they are producing furniture and baby carriages, and 2 of them are large operators. If this rate is increased to 20 per cent, it will give them a distinct advantage in the cost of the largest item of material over our manufacturers who are buying the imported reed. There are 4 of them; there are 130 of us. This increase would give them a distinct advantage over us. It would give them an advantage which it will be very hard for us to overcome. It means that this amount will have to be taken out of the present profits of the manufacturers, or passed on to the consumer, and when the overhead is added, it is quite a burden by the time the article reaches the consumer.

Senator LA FOLLETTE. About what per cent does the burden, or the overhead, bear to the entire cost?

Mr. FERRIS. On the material or reed?

Senator LA FOLLETTE. I mean the reed.

Mr. FERRIS. Between 45 and 50 per cent. In other words, you are trying to arrive at what is profit?

Senator LA FOLLETTE. No, not yet; I was trying to find out just how badly you would be affected by those two or three factories having this advantage on the materials. Now, what percentage of the cost of the baby carriage is the reed?

Mr. FERRIS. May I answer that in a different way? If we take the Chinese reed at 20 cents a pound to-day and apply the 10 per cent ad valorem, the duty would be 2 cents a pound. If you apply the American valuation and the proposed 20 per cent rate of duty to that same quality of reed, which would sell in this country at 40 cents, the duty would be 8 cents, or an increase of 6 cents. It takes about 7.5 pounds to make a baby carriage that will sell around $18.

Senator SMOOT. Do they charge 100 per cent more when they sell reed in this country than if it is the Chinese reed?

Mr. FERRIS. The American price is very much higher than the Chinese price.

Senator SMOOT. You said 100 per cent.

Mr. FERRIS. Pardon me. I do not follow your question.

Senator SMOOT. Your illustration was 20 cents for Chinese reed and 40 cents for American. That is 100 per cent. Is there that difference?

Mr. FERRIS. There is that difference. The increase in the cost of this item of raw material would be 45 cents for this baby carriage. It sells for $18. What we are asking for is that the rate be continued at 10 per cent.

Senator LA FOLLETTE. You stated at the outset that you thought the duty should be based upon the difference between the cost of production——

Mr. FERRIS (interposing). The labor cost.

Senator LA FOLLETTE. Yes; the difference in the labor costs.

Mr. FERRIS. Yes; to protect the American workman.

Senator LA FOLLETTE. Now, in order that we may get at the difference in the cost of labor in the manufacture of baby carriages, will you file a statement of just what proportion of the total cost is direct labor? You would not claim it is as high as 45 per cent. of course, or anything like it, because a large part of the work of getting out baby carriages is accomplished by machinery. Isn't that true?

Mr. FERRIS. This reed is all woven by hand, Senator La Follette.

Senator LA FOLLETTE. I understand 7.5 pounds of reed is woven by hand.

Mr. FERRIS. Yes.

Senator LA FOLLETTE. How long does that operation take?

Mr. FERRIS. That is according to the design and the pattern.

Senator LA FOLLETTE. Of course that would be true, but I am asking for the average time.

Mr. FERRIS. From two to eight hours.

Senator LA FOLLETTE. What are you paying your common labor? You employ some common labor, do you not?

Mr. FERRIS. Yes. We pay 30 cents an hour—25 or 30 cents an hour.

Senator LA FOLLETTE. Well, which is it?

Mr. FERRIS. It varies according to the class of work. The average would be 30 cents.

Senator LA FOLLETTE. That is the average of all the labor?

Mr. FERRIS. The average for common labor.

Senator LA FOLLETTE. What proportion of your pay roll is common labor?

Mr. FERRIS. Thirty per cent.

Senator LA FOLLETTE. About 30 per cent?

Mr. FERRIS. About 30 per cent; yes, sir.

Senator LA FOLLETTE. You are speaking now in numbers or costs?

Mr. FERRIS. In numbers.

Senator LA FOLLETTE. What percentage of your total labor cost is common labor?

Mr. FERRIS. Twenty per cent of the total labor cost.

Senator LA FOLLETTE. Do you call weaving common labor?

Mr. FERRIS. We do not.

Senator LA FOLLETTE. What part of the labor that enters into the making of baby carriages is common labor? What do they do?

Mr. FERRIS. The handling of the material.

Senator LA FOLLETTE. The sorting, you mean?

Mr. FERRIS. Sorting, handling, trucking, and items of that kind.

Senator LA FOLLETTE. I think I have your address, have I not?

Mr. FERRIS. Elkhart, Ind., is my address. Are there any other questions?

Senator SMOOT. No; thank you.

BRIEF OF WILLIAM S. FERRIS, REPRESENTING THE SIDWAY MERCANTILE CO., ELKHART, IND.

This brief, subscribed to by the manufacturers of baby carriages and furniture in which reed and winding cane is used—whose names are appended hereto—relates to paragraph 411 of bill H. R. 7456, which places an ad valorem duty of 20 per cent on "reed wrought or manufactured from rattans or reeds."

We believe firmly in the principle of a protective tariff and in the protection of American workmen. We have no complaint to make against a proposal to establish a rate of duty on reed which will equal the difference between the labor cost of production in China and the United States.

The rate appearing in the Fordney bill grants a very much larger measure of protection than is needed for that purpose.

All reed manufactured in the United States is machine cut. None is cut here by hand. One machine carefully operated will produce an average of 334 pounds of reed measuring 4 to 6 millimeters in nine hours. Granting that the operator receives 50 cents an hour, which is high, the labor cost is less than 1½ cents per pound.

The duty under the Payne-Aldrich measure—that is, 10 per cent ad valorem on imported reeds 4 to 6 millimeters in size—ranges from 1¾ to 3 cents per pound, or more than the entire labor cost of production in the United States.

Reed is cut from rattan grown in the Far East. No rattan is grown in the United States.

Winding cane is a product of rattan and carries the same rate of duty as reed.

Reed is an absolutely essential material for the manufacture of baby carriages and reed furniture. No substitute material of equal value has been found.

No other single item of material entering into the cost of baby carriages and reed furniture equals the value of the reed used.

The baby carriage manufacturers who subscribe to this brief have a capital investment of approximately $15,000,000 and employ normally 8,000 operatives. The furniture manufacturers, 100, or more in number, who use reed and winding cane have a capital investment of approximately $40,000,000 and employ normally 27,000 operatives.

We are advised on good authority that the American cutters of reed, 10 in number, have invested in that industry not to exceed $3,000,000 and employ in the cutting and handling of reed not in excess of 600 operatives.

At least four of the American cutters of reed manufacture baby carriages and furniture in which reed and winding cane is used.

We, the undersigned manufacturers protest most earnestly against the proposed increase in the rate of duty on reed, because it gives these four manufacturers an unwarranted advantage over their competitors who do not cut their own reed, an advantage to which they are not entitled.

It may be suggested that this advantage can be overcome by cutting our own reed. The answer is that it is impracticable for a large number of concerns to cut reed in the United States, because there is only a limited market for the by-products, which represent at least 25 per cent of the raw rattan.

These by-products are used in China in the place of heavy wrapping twine and are woven into matting which is used in place of heavy wrapping paper and burlap.

Some conception of the profit made can be obtained from the following figures, quotations made in April, 1921:

	Overseas Rattan & Cane Manufacturing Co., Ionia, Mich.	J. A. Dunn Co., Gardner, Mass.	Heywood-Wakefield Co., Baltimore, Md.	American Rattan & Reed Manufacturing Co., Brooklyn, N. Y.
Reed webbing per square foot	18 cents less 10	18 cents less 10	18 cents less 10	18 cents less 10.
Close cane webbing in the various grades as per printed price list.	35 cents less 10	35 cents less 10	35 cents less 10	35 cents less 10.
Common No. 2 cane	31¼ cents less 10	31¼ cents less 10.	31¼ cents less 10.	31¼ cents less 10.
[illegible] flat		40 cents less 10	40 cents less 10	40 cents less 10.
No. 2 reed winding	37.50 cents less 10			37.50 cents less 10.
2-millimeter cut reeds		40 cents less 10	40 cents less 10	40 cents less 10.
[illegible]-millimeter cut reeds		54 cents less 10	54 cents less 10	54 cents less 10.

The following cost figures are taken from the production records of an American manufacturer:

Loontie rattan cost in April, 1921, at Singapore:	Per pound.
$12 per picul, or	$0.09
Ocean and overland freight	.03
Waste in cutting, 25 per cent of original cost plus freight	.03
Cost of labor for cutting	.015
Total	.165
Overhead charges, 50 per cent	.0825
Total	.2475

To this cost of $0.24¾ per pound must be added a profit—assuming a profit of 25 per cent, which is a vastly larger profit than any baby carriage or chair manufacturer can show—the finished product could be sold at a price of 32 cents per pound, with a 25 per cent profit. From the quotation listed above, it will be seen that American manufacturers were asking $0.40 a pound for 4-millimeter reed.

In April, 1921, the best grade of machine-cut Chinese reed, 4 millimeters in size, was offered for sale in the United States at 31 to 34 cents per pound, carrying charges to port of entry and duty paid.

We protest against a 100 per cent duty increase and ask that the duty on reed and winding cane be no higher than that imposed under the Payne-Aldrich bill, which is 10 per cent ad valorem.

If the Government feels that its financial needs require that the baby-carriage and reed-furniture industry contribute this increase in revenue, then we most respectfully urge that a 10 per cent ad valorem duty be placed upon rattan.

Carriage & Toy Co., Baltimore, Md.; Ficks Reed Co., Cincinnati, Ohio. Bloch Go-Cart Co., Philadelphia, Pa.; C. H. Hartshorn, Gardner, Mass.; H. N. Thayer Co., Erie, Pa.; The American-National Co., Toledo, Ohio; The Toledo Metal Wheel Co., Toledo, Ohio; The Gendron Wheel Co., Toledo, Ohio; Sidway Mercantile Co., Elkhart, Ind.; L. B. Ramsdell Co., South Gardner, Mass.; Topliff-Ely Co., Washington, Pa.; Travers Manufacturing Co., East Templeton, Mass.; South Bend Toy Manufacturing Co., South Bend, Ind.; Meinecke Manufacturing Co., Milwaukee, Wis.; The Fulton Co., Bay City, Mich.; Union Manufacturing Co., Gardner, Mass.; Murphy Chair Co., Owensboro, Ky.; Morristown Chair Co., Morristown, Tenn.; Piedmont Chair Co., Asheboro, N. C.; Frankfort Chair Co., Frankfort, Ky.; Chair Makers Union, Tell City, Ind.; Green River Chair Co., Livemore, Ky.; Fischer Chair Co., Tell City, Ind.; Troy Chair Co., Troy, Ind.

Supplemental Brief.

Our original brief contains the statement "that no material of equal value has ever been found as a substitute for reed."

A witness testified before you on August 29 that a substitute exists for reed which is of equal value and can not be distinguished from reed, that a large number of manufacturers are now using this substitute, and that a large proportion of the baby carriages now being manufactured are made of the substitute. The substitute referred to is twisted paper, or "fiber," as it is commercially known.

In order to prevent fiber from absorbing moisture its pores must be completely filled with a casein solution, and when so treated the surface is smooth and will not hold a finish. If treated so that the finish will adhere to the surface, the fiber when brought in contact with moisture will absorb enough moisture so that it swells and the finish drops off.

Reed does not have to be so treated, and because of its porous nature retains a finish indefinitely.

Fiber is very much heavier in weight than reed and produces a much heavier baby carriage. The weight of her carriage is of vital importance to a mother in the weakened condition in which she is left following childbirth.

It must be obvious, therefore, that the substitute falls far short of being equal to reed.

During the war, when importations of reed and rattan were limited or cut off entirely baby carriage manufacturers used the substitute, which is woven into sheets by machinery, and skilled labor is not required in applying it to baby carriage and furniture frames.

Some baby carriages are still being made of this substitute material, but by far the greater number are made of genuine reed.

The statement was also made by the witness referred to that the labor costs of producing a pound of reed which appear in the original brief filed by us are incorrect. These figures have been subsequently checked and found to be correct.

STATEMENT OF CARL GERDAU, REPRESENTING THE OTTO GERDAU CO.

Mr. GERDAU. We believe that the present duty of 10 per cent on reeds and cane and the duty of 20 per cent on them proposed by the House of Representatives are both too high. We believe that reeds and cane should be on the free list, because they are used only as raw materials. They are the raw materials of the wicker furniture, baby-carriage, toy, and whip manufacturers.

The following are the largest reed and cane producing concerns in the United States: American Reed & Rattan Co., The Heywood Bros. & Wakefield Co., John A. Dunn & Co., and Ypsilanti Reed Furniture Co.

Of these the American Reed & Rattan Co. is the only one which limits itself to cutting and placing the reed and cane on the market. All the other firms which I have mentioned, after cutting their reeds from the rattan, use same for their own furniture and baby-carriage factories, though they also sell their reeds to the thousands of smaller furniture factories which do not cut their own.

We believe that the only reason why these few large furniture concerns which I have just mentioned desire a tariff on reeds is because a tariff will aid their furniture business. They have the natural, though selfish, desire either to keep their thousands of smaller competitors without reeds and cane entirely or to sell to them at prices sufficiently high to make their serious competition in furniture impossible. A duty on reeds makes it possible for the few large furniture companies to do this.

Any duty on reeds, therefore, gives the few large furniture companies who cut their own reeds an immense advantage over the thousands of smaller furniture factories who do not cut their own reeds. We believe that this is the only reason why the former have asked for a tariff on reeds.

In this connection it is significant to note that the American Reed & Rattan Manufacturing Co. produces reeds and cane, but does not manufacture furniture, and did not submit a brief or appear before the Ways and Means Committee.

With the exception of the Ypsilanti Reed & Furniture Co., in whose behalf Mr. Green spoke this morning, all the reed-producing firms I mentioned before have been in business for many years prior to the war, some of them from 30 to 40 years. It can therefore hardly be argued that the reed industry needs protection because it is a new one; nor was there really any reason why they should do so, because there has never been a time when so little reed and cane have been imported as at present. Before the war about $1,500,000 worth of reeds and cane were imported annually. The total imports at all ports, according to customhouse figures, were: May, $35,119; June, $36,137; July, $34,532. In comparing these imports with the prewar average one must bear in mind that the present prices are still 50 per cent above the prewar average.

When the few large furniture manufacturers who make their own reeds and cane appeared before the Ways and Means Committee, they appeared very much worried over competition from Chinese machine-cut reeds. The figures which I have just given certainly do not justify any fear on account of Chinese machine-made reeds, because fully half of the imports during this three-month period were from Germany, and the bulk of the remainder, if not all of it, was Chinese hand made and not machine made. The Chinese hand-made reed is so inferior that it does not compete against American reed.

As a matter of fact, the attempt to teach the Chinese to use machinery has been made over and over again, and always resulted in failure. The German manufacturer from whom we are getting our reeds opened a reed factory in the East several years before the war. For a short time things went fairly well, but before long inefficient oriental labor had ruined the machinery and the plant was closed down. It would not pay to use skilled white labor, because such laborers would ask much higher wages than they get here in order to induce them to live in the Orient. Since then Heywood Bros. & Wakefield have opened a plant in Singapore, but this also has not been a success. The last to try the experiment were the Ypsilanti people, who have lately sent reed machinery to Singapore.

So that the committee may realize how absolutely imaginary is the fear of Chinese machine-made reeds and judge for themselves that this argument is only brought up with the purpose of obtaining a monopoly of the reed-furniture industry through a tariff on reeds. We should be very glad indeed if you would cable the American consul in Singapore, asking him to submit the value of all machine-cut reeds exported to the United States, say, during the last six months.

Furthermore, the reed and cane cutting industry is not an important one as far as the number of laborers employed by it is concerned. There are not more than 500 men employed in the United States for the actual cutting of rattan into reed and cane.

A duty on reeds, therefore, can only benefit a small number of people, while it harms all the thousands of small furniture, baby carriage, and toy manufacturers, who employ between 100,000 and 200,000 men.

We therefore ask that the duty on reeds be repealed. This will place all the small wicker-ware manufacturers who do not cut their own reeds on a fair and equal basis with the few large manufacturers who do cut their own reeds and cane.

SPLIT BAMBOO.

[Paragraph 411.]

STATEMENT OF F. A. STEIERT, REPRESENTING A. STEIERT & SONS.

Senator SMOOT. Have you tried to agree on some one to speak on paragraph 411?

Mr. STEIERT. No, sir. I have one of the simplest problems you have had to tackle. The product or article in which I am interested is different from any of the articles these gentlemen have spoken about. It is a very simple proposition, and I shall not take more than three or four minutes to explain it. I represent the firm of A. Steiert & Sons.

We are manufacturers of municipal brooms for street-cleaning purposes. We supply 149 cities. We are relying entirely on this raw material to make our brooms from. There is a proposed tariff duty of 2 cents a pound on it, or 66⅔ per cent. There are but two vital points to be dwelt upon, and I shall not take more than three or four minutes to present them to you.

Senator SMOOT. There is not a 2-cent rate in the bill.

Mr. STEIERT. In paragraph 411.

Senator SMOOT. You are speaking now of what?

Mr. STEIERT. Of split bamboo. It is in there in six little words. It is in so small a space that it might easily escape your notice.

Senator SIMMONS. Did I understand you to say that there is a duty of 66⅔ per cent?

Mr. STEIERT. Two cents a pound is. The first point that I wish to emphasize here is——

Senator SIMMONS. Is there any produced in this country?

Mr. STEIERT. That is the point. The first point is that this fiber is of a vegetable nature. It grows in the Orient; it can not grow here. It does not interfere or compete with anything. It does not require a protective tariff, because there is nothing here to protect. That is the first point.

Senator SIMMONS. What other things is it used for?

Mr. STEIERT. For brooms. That is the only use that I know of.

Senator LA FOLLETTE. What percentage of your total output goes to the municipalities?

Mr. STEIERT. Practically all of it. The second vital point is that our industry has the great flushing machines to compete with, the machines that wash the street. Their raw material is water, which costs them nothing. Our raw material costs us something. If this duty is placed upon our raw material, it will be impossible for us to compete.

There is one phase of this situation that is absolutely necessary for you to know in order that you may arrive at a just conclusion. You must know why the reed manufacturers have asked for this duty. Reed is a distinct and separate article from this. When they bring in the reed, from its natural state, the reed grows with bark around it, or a shell. When the shell is removed, so as to get at the reed, this shell or this bark is left. Like the shell of a lima bean, it is absolutely worthless. It is a sort of sleeping, brittle affair, having no sparkle or life to it. We could not use it if they paid us to take it. There is no comparison between it and this good-natured, snappy fiber that I have here [indicating].

Senator LA FOLLETTE. Is it expected to convert that into material for brooms?

Mr. STEIERT. Their plan is that if they can get a duty on this [indicating], they can force us to use it. I hardly think it is necessary to prove that the motive is a selfish one; it is absolutely raw.

Senator LA FOLLETTE. Did I get your address?

Mr. STEIERT. Front and Reed Streets, Philadelphia. I will, if I may, file a brief in which I will prove that our industry at the present time is so badly demoralized that there are not enough brooms consumed in the United States to keep one good-sized plant running. I will prove also that if you put this prohibitive duty on us you will

eliminate us altogether. You will also eliminate about 50 per cent of the broom pushers in the various cities.

Senator SIMMONS. In other words, the manufacturers who actually use this first material—what do you call it?

Mr. STEIERT. Split bamboo.

Senator SIMMONS (continuing). You do not come here and ask for this 66⅔ per cent, but somebody that wants to force its use upon you has asked for a duty upon that article?

Mr. STEIERT. I did not quite get the drift of that question. I know that the reed manufacturers have asked for a prohibitive duty on this. They put it in six little words.

Senator SIMMONS. Somebody that does not use that at all has tried to get a duty on it, while you, who do use it, do not want the duty?

Mr. STEIERT. No one really wants it. They have this material on their hands and do not know what to do with it.

Senator LA FOLLETTE. It is a duty imposed for revenue purposes, I suppose.

Mr. STEIERT. There is one more thing that I would like to impress upon you, gentlemen, and that is that we have not as large sums invested as have the oil companies and the steel corporations, but nevertheless this means our bread and butter to us, and we beg you not to take it away from us.

REED AND FIBER FURNITURE.

[Paragraph 411.]

STATEMENT OF E. F. GANAHL, REPRESENTING O'CONNOR-HARRISON CO., SAN FRANCISCO, CALIF., IMPORTERS AND EXPORTERS.

Senator SMOOT. Mr. Ganahl, have you agreed to speak for these other gentlemen interested in the same subject?

Mr. GANAHL. No, Senator Smoot; I am here on another subject. I have here a brief that contains our argument. If I may file this brief, I will give way to others who wish to appear.

Senator SMOOT. File it, please. Those are the briefs that we are going to examine.

Mr. GANAHL. This covers the subject. I want to ask this committee that when you consider this subject——

Senator LA FOLLETTE. What paragraph?

Mr. GANAHL. Paragraph 411. I ask you that you remember that it is probably the only commodity of its kind in which the ocean freight charge from the Orient to the Pacific coast ports amounts to more than the original cost of the product. Therefore, this product is already protected to an extent of 100 per cent, besides the protection that you will give it under a protective tariff.

Senator SIMMONS. Who is asking for this protection?

Mr. GANAHL. Only one reed-furniture manufacturer.

Senator SMOOT. You may file your brief.

BRIEF OF E. F. GANAHL, REPRESENTING O'CONNOR-HARRISON CO., IMPORTERS AND EXPORTERS.

We are opposed to that part of paragraph 411 of the proposed tariff as passed by the House which has reference to rattan, reed, and grass furniture We are not protesting against an increase in the present rate on these commodities. We only wish to call to your attention the excessive rate as proposed by the House and to request

at a lower and suitable rate be substituted therefor. Upon close analysis you will ıd that the proposed rate of 50 per cent ad valorem on American valuation is an crease of about 3,000 per cent over the present duty, and amounts to about five mes the original cost of the furniture.

The proposed duty would entirely stop the importation of all furniture in this ase. This has been proven conclusively by the fact that since the proposed rate as announced buyers will not consider placing orders for the imported furniture. ur 14 salesmen who are now traveling through all parts of this country advise that tis is occasioned by the fact that we will accept orders only on the basis whereby ny changes in the present duties are for the account of the buyer, and the buyers ate that the proposed duty of 50 per cent will make it impossible for them to dispose the furniture at retail.

The American manufacturers have in the past, and are at present, manufacturing ed and fiber furniture. They never have and are not at present manufacturing ass, peel, or rattan furniture to any extent. American-made grass, peel, and rattan rniture is practically unknown. The reason for this we shall set forth later. If e American manufacturer requires additional protection on reed furniture, which e seriously doubt owing to the great difference in quality between the imported nd the domestic reed furniture, he can secure no benefit by having a prohibitive uty levied on grass, peel, and rattan furniture. If, therefore, Congress deems it ecessary to grant better protection to the manufacturer, a higher rate can be levied n reed and fiber furniture, but grass, peel, and rattan furniture should be eliminated nd should take a separate and distinct rate.

The proposed duty will not encourage additional or new industries. Rattan, eel, and grass furniture can not be and never will be manufactured in large quantities in this country so long as reed and fiber furniture is manufactured. An American ade rattan, peel, or grass chair will cost as much to manufacture as will a reed chair. Rattan, peel, and grass furniture, if it cost as much or nearly as much as reed or fiber urniture, will not sell in competition with reed and fiber furniture. The reason for his is that reed and fiber furniture can be painted, stained, dyed, or otherwise finished nto various colors and effects so that it will match with the furnishings in any part f a house. Most domestic reed and fiber furniture is at present finished into different olors and effects at the factories. Rattan, peel, and grass furniture, especially rass, can not be painted, stained, or finished, owing to the fact that no finishing aterial will stick to the surface of grass or rattan. Most rattan, peel, and grass furniture must therefore be sold in the natural state, and for this reason never has and ever will be manufactured domestically in large quantities. It is only for the eason that the imported furniture sells for very much less than does the domestic eed furniture, and is purchased by those persons who can not afford the domestic eed furniture, that any business is done on the imported rattan, peel, and grass urniture.

The manufacturers of this country as a whole are dependent, especially since the ast few years, to a large extent on foreign orders. At present a great many of our argest industries are developed and have expanded to the extent that foreign orders re required. Without foreign orders the size of their plants and organizations must e reduced. In order to continue securing foreign orders for our products, we must ontinue purchasing from our foreign customers. If we prohibit or reduce imports, e will in time reduce or stop our exports accordingly. The Orient has probably the est possibilities for our manufactured products. We, therefore, should continue mporting those oriental products which do not compete or which compete the least ith our manufacturers. Grass, peel, and rattan furniture is one of the best noncompeting commodities we can import from south China.

The imported furniture is of entirely different quality than is the domestic reed or ber furniture. While the imported furniture is serviceable, still the domestic furniture is of better material, more attractive, better built, more comfortable, and in all espects better furniture, and sells at a very much higher price. A domestic reed chair ells at $24 or higher retail on the Pacific coast, while an imported grass chair sells retail at about $12. The proportion all over the country is the same. There are many American families who can not afford the domestic furniture, but who can afford the mported furniture. If the proposed duty goes into effect, it will be impossible for hese people to enjoy this class of furniture.

This furniture is one of those few and peculiar imported commodities upon which he water freight, insurance, and handling amounts to more than the original cost of the urniture in the place of production. Under American valuation, duty will be levied n the average wholesale prices in the principal American markets, which wholesale prices will include duty. Thus, on furniture, the duty will be levied on the original ost of the furniture at place of production, on the water freight, insurance, and hand-

ling, which amounts to more than the original cost of the furniture, on the duty, which also amounts to more than the original cost, as well as on the wholesaler's profits and commissions. Therefore, so far as furniture is concerned, by keeping the present duty of 15 per cent, the amount collected under the American valuation plan would be many hundred per cent higher than at present collected. In order to make ourselves clear, we will show how we arrive at the present wholesale price on an imported grass chair, and to what extent the proposed duty and suggested duties would affect the same price. This calculation is based on the present actual Hongkong cost of a medium-priced chair converted into United States currency at the present rate of exchange, namely, 51½ cents to a Hongkong dollar.

	Present duty.	50 per cent proposed duty.	10 per cent suggested duty, American valuation.	Suggested specific duty.	25 per cent [illegible]
Cost f. o. b. Hongkong	$2.00	$2.00	$2.00	$2.00	[illegible]
Water freight	2.00	2.00	2.00	2.00	[illegible]
Handling and insurance	.12	.12	.12	.12	[illegible]
Duty	.30	8.93	.65	.75	[illegible]
Selling commission 10 per cent on selling price	.60	1.80	.65	.67	[illegible]
Net cost f. o. b. San Francisco	5.02	14.85	5.42	5.54	[illegible]
Gross profit 20 per cent on cost price	1.00	3.00	1.08	1.11	[illegible]
Wholesale selling price	6.02	17.85	6.50	6.65	[illegible]

The 50 per cent proposed duty would therefore result in the following so far as this particular chair is concerned:

1. Increase in duty of $8.63, or 2,980 per cent.
2. Increase in wholesale selling price of $11.83, or 297 per cent.
3. Increase in retail selling price of $23.86, or 297 per cent.

By referring to pages 1200 to 1208, inclusive, of hearings before the Ways and Means Committee in reference to tariff revision you will find that the only information secured or testimony taken in regard to imported furniture of this class was from the Ypsilanti Reed Furniture Co. This company is one of the largest manufacturers of reed and fiber furniture in the United States. There was no testimony or information secured or requested from the dealers in imported grass and rattan furniture. Mr. F. W. Green, the principal stockholder in the Ypsilanti Reed Furniture Co., appeared on behalf of his company, and submitted a brief which appears on page 1206. This brief includes a suggestion as to how a new tariff should be worded. By comparing the part of paragraph 411 relating to furniture as adopted by the House with the brief you will find that the same is taken verbatim from Mr. Green's brief with the exception of the rate applied. Mr. Green submitted no figures as to cost or competition to the committee, neither did he explain the vast difference between reed, grass, and rattan furniture, and the difference in quality between the imported and domestic article. From his remarks the committee members, who were unfamiliar with imported furniture, would be led to believe that the quality of imported furniture was as good as or superior to domestic furniture, and that the Ypsilanti Reed Furniture Co. was vitally interested in the manufacture of grass furniture.

Imported furniture has been brought into the United States for many years, formerly under a 35 per cent duty, and since 1913 under a 15 per cent duty. During the time this furniture was being freely imported, the Ypsilanti Reed Furniture Co. was organized, in 1901, with an authorized capital of $50,000. The capital was increased from time to time as follows: $100,000, $150,000, $175,000, $300,000, at present $500,000.

Their surplus over and above all liabilities and reserves is reported to have increased in the last 3½ years from about $750,000 to about $1,300,000 at present, or an increase of about $550,000, or 75 per cent. This increase was undoubtedly in addition to dividends. Since 1903 this company has operated its factory within the prison walls at Ionia, Mich., where it employed about 500 convicts at a reputed wage of 50 cents per day. In 1913 it erected a building of its own in Ionia, which has been operated with about 1,000 men, in addition to its plant in the prison. We are citing the above in order to show that the only party requesting increased protection has grown from

ry small company to a very large company in a few years, during all of which time irniture has been imported freely at a duty of from 30 cents to 70 cents per chair. ertainly there is nothing in this company's report to indicate that it needs any protection whatever, and were other manufacturers in need of drastic protection they ould have appeared before the committee and have submitted figures and reports prove their contention. While the Ypsilanti Reed Furniture Co.'s phenomenal owth was no doubt due somewhat to its ability to employ convict labor at a very nall wage, still you will find by investigating that the entire reed furniture industry as prospered greatly since being organized. In fact, one of these manufacturers ently purchased, at a cost of $3,000,000, the business of one of its American competitors, in order to secure control of a patent for weaving fiber articles by machinery nd thus reduce competition.

One of the main causes for requiring a revision of tariff is European competition. uropean competition is caused solely by depreciated European exchange. Oriental change is not depreciated; in fact, exchange with China is above normal. Therere, the furniture under discussion is entirely in a different class from the products Europe.

In conclusion we request that you consider the peculiarities of this furniture which ake it different from other imported commodities, in that the freight amounts to ore than the original cost of the furniture, thus affording our manufacturer over 00 per cent protection, plus what he secures under the tariff. We also request that ou keep in mind the fact that this furniture, especially the grass, peel, and rattan, oes not compete with American-made furniture. If you feel that the American eed and fiber furniture requires additional protection, then we request that you emove rattan, peel, and grass furniture from this class and provide a special rate r same. We request that you do not impose a rate over 10 per cent ad valorem ased on American valuation, or over 35 per cent ad valorem based on foreign valuaion, on the rattan, peel, and grass furniture. Any rate in excess of these rates will ake business impossible. In the event the increased revenue which will be derived om these high rates is not absolutely required, we request that you assess lower ates as these rates are not required to protect American manufacturers. We also equest that you specifically provide for peel furniture by including it with grass nd rattan in the lower rate, and that you word the tariff so that rattan, peel, and rass furniture can not be considered as fiber furniture. The term "fiber" is extremely mbiguous, and under the wording as proposed by the House it is quite possible hat the customs or Treasury decisions would consider grass, peel, and rattan as fiber urniture. Possibly the most satisfactory and economical method of levying a duty n this furniture would be on the basis of so much per piece. By levying a duty of 5 cents each on small or children's pieces, 75 cents each on ordinary chairs, rockers, nd tables, and from $1 to $1.25 each on the larger pieces, the result would be to ore than double the present duty, with a minimum in expense of administration. n page 2 you can see how these suggested rates compare with the present duty, nd affect the wholesale selling price.

We have in our possession complete data in regard to the present foreign and doestic costs of this furniture. We also have other data which might be of benefit your committee in determining the rate to be applied. Any information we have ill be turned over to your committee upon request.

TATEMENT OF FRED W. GREEN, REPRESENTING THE YPSILANTI REED FURNITURE CO.

Mr. GREEN. I want to say to you, gentlemen, that our concern as engaged up until 1914 in the manufacture of reed furniture e obtained our supplies from Germany, but at the outbreak of the ar we were not able to get them, so we began the manufacture of eds in addition to the manufacture of reed furniture.

The manufacture of reeds is not a complicated process. They are ade in two ways: One by machine and one by hand. The Chinaman manufactures in both ways. He was not a factor, except in he cheapest hand-made reeds, previous to the war. There is nothng complicated about this process at all. It merely consists in aking and stripping off that hard outer part [illustrating]. This art [indicating] is woven into chairs and seats.

Senator La Follette. That is, the outer part?

Mr. Green. Yes; the outer part. This inner part, or the core is the reed that we are talking about. The outer part is the cane.

The importers into this country were not content with a 10 per cent duty on all these things, but they conceived this term "unmanufactured reed." To me it is not plain. I can not understand where the difference lies. Just what difference does it make whether you take that off with a knife by a machine, or whether you take it off by hand? That is the only question there is as between the manufactured and the unmanufactured reed. But the importers went before the customhouse, and they got decisions both ways. First it was decided that there was no difference between "unmanufactured" and "manufactured" reed; but it was finally decided that there is a difference between the manufactured and the unmanufactured reed. To my mind it is a distinction without a difference. The difference between Chinese hand-cut reed and the other, to a large extent, lies in the quality of rattan that the Chinaman uses to make it. He pulls it through a steel plate that has a series of holes in it. He pulls it through one after the other and gets it down to the size he wants. It would be impossible for him to pull a piece like this [indicating] because it would be too hard and stiff, so he has to make his hand-cut reed out of the cheapest of rattan. It would not pay to bring them over here, because they would not bring any money. The outside of it would be, as one gentleman has already expressed it, trash. The American manufacturers have had to import a good quality of rattan out of which they could get not only the reed, but also the outer part of the cane.

At the time we went into the business, we were perfectly content with the German supply, and the duty of 10 per cent was nothing that interfered with us.

Before the war there was a limited number of people—perhaps two—who manufactured reeds and were not engaged in the manufacture of baby carriages or furniture. With the stopping of the war, there was quite a number. I jotted down the names of eleven concerns that are now engaged in cutting reed in this country: A. L. Randall, Chicago; John A. Dunn Co., Gardner, Mass.; F. A. Whitney Carriage Co., Leominster, Mass.; American Rattan & Reed Manufacturing Co., Brooklyn, N. Y.; United States Rattan Co., Hoboken, N. J.; Heywood-Wakefield Co., Wakefield, Mass.; American Reed & Willow Furniture Co., Wakefield, Mass.; Ypsilanti Reed Furniture Co., Ionia, Mich.; Eastern Chair Co., Gardner, Mass.; L. S. Drake (Inc.), Boston; New England Reed Co., Boston.

I am somewhat surprised at some of the statements made by the secretary of the Baby Carriage Association. I believe that he made them because he did not quite understand or because he was not a manufacturer. Some of them are quite ridiculous. The largest manufacturer of baby carriages, if I am correctly informed, is the Lloyd Manufacturing Co., of Menominee, Mich. They do not use one pound of reed. According to Mr. Ferris's statement, one-third of the baby carriages are made of twisted paper or fiber. Across the table Mr. Ferris could not tell whether they are made of reed or fiber.

Senator La Follette. What do you mean by "fiber"?

Mr. Green. "Fiber" is made of twisted paper. When it is finished, there is not one man out of a number, unless he is an expert

that can stand back and tell the Menominee fiber from the reed; it is so fine that I do not think they can tell it.

As to the question—the quality of hand-cut reed—there are some very smoothly cut samples in this box. They were sent on August 20 from San Francisco, and neither myself nor Mr. Ferris can tell which is hand-cut and which is machine-cut. They are so nearly alike that it is practically impossible to tell.

As to the duty being prohibitive, I wish to make this statement. I have multiplied our selling price (not our cost) by 20 per cent, the rate of duty named in paragraph 411 of the Fordney bill. I have added this 20 per cent to the prices of the corresponding sizes of Chinese reed, both handmade and machine-made, using the price list dated at San Francisco August 20, 1921, and there is no instance in which the Chinese are not still under our price.

Senator SMOOT. With this 20 per cent rate?

Mr. GREEN. Yes. I am going to submit that to you with the Chinese prices, with your permission.

Senator SMOOT. Are you in favor of the 10 per cent?

Mr. GREEN. I am not. I am also opposed to including in any new tariff bill the words "unmanufactured reeds." Under the 10 per cent duty the German importer and the other importers got wealthy, and they collected large sums that should have gone to the United States through the conflicting decisions on the "unmanufactured reed" question. It must be remembered that the Chinaman sells his goods f. o. b. China. There are going to be immense sums of money taken from the United States if this phrase is put back in the tariff.

With reference to another statement that has been made, I want to say that I do not believe there is a carriage manufacturer in the United States who has not used machine or hand cut reeds from China. There is not one of them.

As to the expense of establishing this industry, it is nominal. No one will be kept out of the baby-carriage business because of high costs in connection with manufacturing reed. The highest price we ever paid for a machine for cutting these reeds was $1,350. When I tell you that it would cost a baby-carriage manufacturer approximately $5,000 to engage in this business, I am well within the truth. That does not provide for buildings, but not much room is needed to care for a small furniture or baby-carriage factory.

As to the labor cost of splitting rattan into reeds. There is no one who can do this for 1.5 cents, as has been claimed. It will run between 5 and 6 cents per pound.

I want to say a word in regard to the manufacture of furniture. The Chinese manufacture reed furniture. They have no overhead, as we do. A man comes along, he has a number in his family. He goes back home and starts the thing and the rest of the family make it. There is no overhead. If he gets $3.50 for a chair he thinks he is getting an enormous sum of money. There are some, of course—very large ones—that cost more money than that. A man who has to twist and turn these reeds, has to bend them in all these different shapes, has to have very strong hands. It is very hard work. He has to work at least six months before he is of any value in making good reed furniture. It is difficult to get an American citizen to

work six months to learn a trade. We find that it is very high-priced labor.

There is one thing about it, that is, that it does not always require sight. I know of a factory in Chicago that employs about 20 men on this work. At least 15 of them are blind soldiers.

WILLOW AND WILLOW FURNITURE.

[Paragraph 411.]

STATEMENT OF WILLIAM A. RYAN, REPRESENTING THE UNIVERSAL WILLOW & REED WARE CO.

Mr. RYAN. I wish to confine my remarks to willow furniture—raw material used in the manufactured article as well as the manufactured article.

I call attention to paragraph 411, page 80. In line 4, after the comma following the word "bamboo," insert the words "osier or willow."

Senator SMOOT. Those are the words used in the Payne-Aldrich bill?

Mr. RYAN. They are used further along in the paragraph, but are not specifically mentioned in connection with furniture.

Senator SMOOT. And you want them in both places?

Mr. RYAN. Yes. Then, in line 5, after the comma following the word "grass," insert the word "osier or willow."

Then, on the same page, line 8, strike out "25," in figures, and insert "10," which is the present rate.

Before the war 65 per cent of osier or willow used in the manufacture of furniture was imported from Germany. About 25 per cent came from France. Less than 10 per cent was grown here. To-day there are under cultivation in the United States not more than 500 acres of osier or willow.

In 1919 there was imported willow aggregating $304,696; in 1920, $284,611; and for the six months ended June 30, 1921, $54,053.

As to the manufactured products, before the war there were 100 manufacturers in the United States. At the present time there are about 80. Those are the ones making willow furniture. The capital invested in willow furniture is about $1,500,000; and about 5,000 people are engaged in the manufacture of such furniture.

As to labor conditions in the other countries, they are quite different from those prevailing here. The work there is farmed out to a family and the mechanics finish the job. Here, where our child-labor laws are in effect, the work is necessarily performed by men. Their average hours run about 49½ per week. The average pay for common labor is between 30 and 35 cents per hour. The pay of mechanics and skilled laborers is about 45 cents an hour. In this industry the men have accepted voluntarily a reduction of wages amounting to 25 per cent.

I should like to cover this subject more fully in my brief.

Senator SMOOT. Correct your brief in any way you wish to and hand it to the stenographer.

Mr. RYAN. There is one further point that I would like to call to your attention. There is one article called the Bar Harbor chair.

It is advertised here in the Brooklyn Eagle for $4.95. It costs us to make it $4.75. That is the retail price, delivered anywhere within 100 miles of New York—$4.95.

Senator SMOOT. Is that an imported chair?

Mr. RYAN. It is an imported chair. I will give you figures on our costs in my memorandum.

I thank you very much.

Senator SIMMONS. What did I understand you to say about that ad valorem rate? Did you want that in line 6?

Mr. RYAN. I said line 5—lines 4, 5, and 8.

Senator SIMMONS. Line 8 is the raw material?

Mr. RYAN. Yes.

BRIEF OF WILLIAM A. RYAN, REPRESENTING THE UNIVERSAL WILLOW & REED WARE CO.

PROPOSED CHANGES IN PARAGRAPH 411.

1. On page 80, in line 4, after the comma following the word "bamboo," insert the words "osier, willow."
2. On page 80, in line 5, after the comma following the word "grass," insert the words "osier, willow."
3. On page 80, in line 8, strike out "25" in figures and insert "10" in figures.

So that the paragraph will read as follows:

Par. 411. Reeds wrought or manufactured from rattans or reeds, whether round, flat, split, oval, or in whatever form, cane wrought or manufactured from rattan, cane webbing, and split or partially manufactured rattan, not specially provided for in this section, 20 per centum ad valorem. For the purpose of assessing duties, handmade reeds or cane shall be held to be comparable in value to machine-cut reeds or cane of corresponding size; furniture made with frames wholly or in part of wood, rattan, reed, bamboo, osier, willow, or malacca, and covered wholly or in part with rattan, reed, grass, osier, willow, or fiber of any kind, 50 per centum ad valorem; split bamboo, 2 cents per pound; osier or willow, including chip of and split willow, prepared for basket makers' use, 10 per centum ad valorem; all articles not specially provided for, wholly or partially manufactured of rattan, bamboo, osier, or willow, 40 per centum ad valorem."

This paragraph treats of reeds, rattans, bamboo, and "osier and willow." I shall confine this memorandum to osier and willow, raw material, and willow furniture, as I feel that sufficient has been said touching the other items in this paragraph.

RAW MATERIAL.

I will first touch on the raw material which relates to proposed change 3 above mentioned.

There are under cultivation in the United States not more than 500 acres devoted to the raising of willow.

It is impossible to tell how much willow is grown within the United States, but inquiry among the trade indicates that there is only one grower within the United States that raises a carload of willow a year, and that is his entire output.

For 1919 there was imported osier or willow (raw material) $304,696; 1920, there was imported osier or willow (raw material) $284,611; for the first six months of 1921 there was imported osier or willow (raw material) $54,538.

It will appear upon a cursory examination that there is a great reduction in the importations of raw materials of osier or willow at the present rate of 10 per cent ad valorem. The willow grown here is insufficient in quantity and so inferior in quality that it is not suited for use in connection with willow furniture.

Allowing that there will be as much as $54,538 worth of willow imported into the United States during the last six months of 1921, which would be quite unusual, as the larger importations of willow as a raw material are imported the first six months of the year, this shows a reduction of imports of willow for 1921 of at least 60 per cent. If importations of the raw material which are the chief source of supply to willow furniture manufacturers continue to be reduced, the willow-furniture manufacturers of foreign countries will dominate the American market, and at this time it might be

well to mention the fact that while the raw material has been reduced more than 60 per cent the importations of willow furniture has increased in the same period more than 1,200 per cent.

WILLOW FURNITURE.

This relates to proposed changes 1 and 2.

Before the war there were about 100 manufacturers of willow furniture in the United States. Now there are about 80. They are all small manufacturers. The Universal Willow & Reed Ware Co., which I represent, is the largest willow-furniture manufacturing concern in the United States.

The capital invested by the manufacturers of willow furniture in the United States is more than $1,500,000. The number of people engaged in this industry is about 5,000.

The imports of willow furniture for 1919 were $3,040; 1920, $28,114; for six months of 1921, $35,547.

A cursory examination of these figures shows a 1,200 per cent increase in the imports of willow furniture from January 1, to July 1 1921, a period of six months, over the entire year 1919.

LABOR CONDITIONS.

In other countries the seats and skirts of chairs and other willow furniture are given out to the peasants to work on, and, as a matter of fact, it results in the whole family working from early until late, which gives a very low labor cost of production. Over here we have our child-labor laws protecting children from engaging in this industry. Our workmen have accepted a voluntary cut in their wages of 25 per cent. It was either that or close up shop. Our men work 49½ hours per week. The pay of unskilled labor is between 30 and 35 cents per hour, the pay of our skilled workmen is between 45 and 90 cents an hour at this time, and we have no immediate intention of making any further reduction in wages. We are not at this time paying dividends. The situation is tense, and we are waiting the enactment of the new tariff law, which will enable us to pay dividends and in that way help to support our Government.

In order to give the committee a practical illustration of the very serious condition of our business, I just wish to submit a typical case:

Bar Harbor armchair.—American cost as to labor, $2.35; American cost as to material, $2.16; total, no allowance for overhead, etc., or profit, $4.51.

The Bar Harbor armchair is imported for sale at New York City, delivered anywhere within 100 miles of New York, all charges paid, $4.95; and to any person taking two, why they will sell them at the rate of $4.87½.

We are selling this chair for $5 in quantities and holding our breath for the passage of this tariff bill. We can not keep it up. We do not sell direct to consumers; our price is to large concerns. The price of the imported article given above is selling retail. The above imported chair appeared in the New York market during May and was advertised for $3.95, but finding that they could safely compete they raised the price to $4.95.

It is asserted in many quarters that Germany will not be a very serious competitor for years. So far as willow business is concerned, we are unable to agree with such a proposition. The Willow & Reed Co. has been approached by a representative of a large willow and reed corporation in Germany to give up our factory here and sell the German willow furniture at prices that we could not possibly hope to compete with. We will be pleased to submit to the committee, in confidence, proof of this fact.

In conclusion, I wish to say that willow imports (raw material) at this time show a reduction of at least 60 per cent with a tariff imposed at the rate of 10 per cent. Willow furniture imports at this time show an increase of more than 1,200 per cent during the first six months of 1921 over the whole year of 1919.

If the rate in present law is increased on raw material in so far as willow used in connection with the manufacture of furniture, it will not only wipe out the manufacture here, but the grower here of willow will have no market. We could give you illustration upon illustration as to costs, but the Bar Harbor armchair well illustrates.

CHINESE FURNITURE.

[Paragraph 411.]

STATEMENT OF JAMES F. DONNELLY, REPRESENTING THE MENTZER-PIAGET CO., GRAND RAPIDS, MICH.

Senator SMOOT. Have you a brief that you desire to file?

Mr. DONNELLY. Yes. I prepared a brief.

I am really not here on rattan or willow. It is really Chinese furniture, inserted in paragraph 411.

Heretofore, under the Payne-Aldrich and the Underwood tariffs, this Chinese furniture in which we are interested came under a corresponding paragraph—414.

Senator SMOOT. Are you satisfied with furniture the way it is here?

Mr. DONNELLY. In paragraph 411 they specifically provide for Chinese furniture.

Senator SMOOT. We can put it in here.

Mr. DONNELLY. Under paragraph 411 it provides a duty of 50 per cent, American valuation plan, on Chinese furniture. The ocean and rail freight in itself is twice as much as the Chinese furniture.

Senator SMOOT. You are an importer, are you?

Mr. DONNELLY. Yes, sir.

Senator SIMMONS. What do you want on Chinese furniture?

Mr. DONNELLY. Well, sir, in my brief I have suggested three different ways.

Senator SMOOT. Is there anything made in this country to compare with the Chinese furniture?

Mr. DONNELLY. No, sir; unless made from fiber.

Senator SMOOT. And sea grass?

Mr. DONNELLY. No, sir; they do not make it from sea grass. It is summer furniture.

Senator SMOOT. They are not anything alike? There is nothing like it?

Mr. DONNELLY. Not unless you compare it with fiber furniture.

Senator SMOOT. If "comparable" is taken out, then there is nothing like it in this country?

Mr. DONNELLY. No, sir; not to my knowledge.

Senator SMOOT. Then the American valuation would not apply.

Mr. DONNELLY. How would that work out?

Senator SMOOT. The same as it is to-day. If there is nothing in this country that is similar, it does not apply.

Senator LA FOLLETTE. Supposing there is something similar to it, then the American valuation will be applied. Is there something similar to the Chinese furniture that is coming in?

Mr. DONNELLY. As a manufacturer of furniture or importer, I should say yes. I would say that a fiber chair or an American reed chair would answer the same purpose as the Chinese sea grass.

Senator SMOOT. That is not what the law says. It says "similar."

Mr. DONNELLY. It is similar; it is used for the same purpose; but under the 50 per cent——

Senator SMOOT. The material is entirely different, though?

Mr. DONNELLY. Yes.

Senator SMOOT. Then it does not apply.

Mr. DONNELLY. All right, sir.

Senator SMOOT. I would like to know, provided it did apply, what you would want then.

Mr. DONNELLY. We have suggested, instead of a 50 per cent duty, a 5 per cent duty, or a duty of 75 cents a chair. We are paying now a duty of 32 cents. We possibly could afford 75 cents. But the way it works on the American valuation plan is this: You take a chair that I sell for $15 in the American market; that is, my wholesale selling price; and it is sold at Grand Rapids at that price. As a matter of fact, we are selling it for $9, but we will say $15. Fifty per cent of that would be $7.50. Out of the other $7.50 we would have to pay the cost of the chair, pay the ocean freight of $2 or $2.25, pay the rail freight of $1.81, and, in addition, pay the salesman a commission and allow the customer a 2 per cent discount. It never could be done, sirs. Ordinarily, this furniture has come in under regular household furniture. It was so decided years ago.

I may say that we did not have an opportunity to appear before the House Committee on Ways and Means.

Senator SMOOT. You would like to have it dropped down into paragraph 414?

Mr. DONNELLY. But not at a 25 per cent rate.

Senator SMOOT. You want a 5 per cent ad valorem rate?

Mr. DONNELLY. Yes.

Senator SMOOT. Isn't that too high?

Mr. DONNELLY. Five per cent of the American valuation?

Senator SMOOT. Yes.

Mr. DONNELLY. No; we sell for $9; that would be 45 cents.

Senator SIMMONS. You say you want 5 per cent? Is that your suggestion?

Mr. DONNELLY. Five per cent, or a specific duty.

Senator SIMMONS. You say that would be equivalent to what under the American valuation?

Mr. DONNELLY. In dollars and cents, Senator?

Senator SIMMONS. Yes.

Mr. DONNELLY. Well, we sell that chair for $9. You see, the principal item of cost in this furniture—and it is furniture that does not go into high-class homes——

Senator SIMMONS (interposing). What I am trying to get at is what would be the difference?

Mr. DONNELLY. That would be 50 per cent advance on the present 15 per cent rate.

Senator SIMMONS. That would be due to the American valuation.

Mr. DONNELLY. Yes.

In reading the testimony before the Ways and Means Committee I find that the paragraph is practically inserted verbatim at the suggestion of a domestic manufacturer. We certainly do not compete with this domestic manufacturer. They were organized in 1901 with a capital of $50,000. To-day they are rated over $1,500,000. Possibly some of that profit was secured through advantages that they had. In fact, they employed prison or convict labor. Even so discounting this, there are other manufacturers whose profits have increased in proportion. We do not compete with them. Our furniture does not go into the same class of homes.

Senator LA FOLLETTE. This furniture is sold to people in moderate ircumstances, is it not?

Mr. DONNELLY. Yes.

Senator SMOOT. I do not think it is moderate-priced furniture if a hair costs $15.

Mr. DONNELLY. I said $9. I said, admitting we could get $15, which we could not——

Senator SMOOT. Oh, well——

Mr. DONNELLY. Even at $9, we have to pay $4.50.

Senator SIMMONS. You say that you sell this chair for $9. What oes the chair manufactured in China sell for?

Senator SMOOT. That is the chair.

Mr. DONNELLY. That would cost in the neighborhood of $4, Hongong currency, or, at the present rate of exchange, about $2.25.

Senator SIMMONS. It gets to you at $9?

Mr. DONNELLY. As to this $9 chair, to bring it over on the ocean osts us from $2 to $2.25; and the rail rate for freight from Seattle r San Francisco to the market would be in the neighborhood of $2 er chair.

Senator SMOOT. Don't you land in New York? Why don't you and the furniture there?

Mr. DONNELLY. No; we do not.

Senator SMOOT. Why do you land on the coast?

Mr. DONNELLY. Because at the present time there is a steamship ine that makes regular hauls, and, in addition, we can ship by way f the Pacific coast because the American Shipping Board has regular ailings and they have a regular $8 rate from either San Francisco r Seattle to Chicago or New York. It is a transcontinental freight ate.

Senator SMOOT. You may file that brief.

RIEF OF JAMES F. DONNELLY, REPRESENTING THE MENTZER-PIAGET CO., GRAND RAPIDS, MICH.

As importers and distributors of Chinese sea-grass and rattan furniture provided r in Schedule D, paragraph 176, of the tariff act of 1913, we desire to direct your ttention to the proposed change in rate of duty as provided in Schedule 4, paragraph 11, tariff bill H. R. 7456.

The following brief is respectfully submitted that members of Senate Finance ommittee may be in possession of the facts before passing on a measure which in ffect will constitute an absolute embargo on Chinese sea-grass and rattan furniture.

The proposed tariff bill (H. R. 7456) as relates to Chinese sea-grass and rattan furniure would increase the present rate of duty over 3,900 per cent.

As Chinese sea-grass and rattan furniture is not made in America, this prohibitive uty is not needed to protect home industries. In fact the only advocate for an ncrease in rate of duty on this commodity to appear before the Ways and Means ommittee was Mr. F. W. Green, representing the Ypsilanti Reed Furniture Co., onia, Mich., which was incorporated in 1901 with a capital of $50,000, which has been ncreased from time to time, and at present this firm is rated at over $1,500,000.

If the tariff is designed to increase revenue it defeats itself, as the duty is so excesive it would prohibit all importations, thus depriving the Government of a substanial revenue.

Under the Payne-Aldrich tariff (1909–1913) Chinese sea-grass and rattan furniture, hief value wood, was dutiable under Schedule D, paragraph 215, at 35 per cent on oreign value.

Under the Underwood tariff (1913 to date) Chinese sea-grass and rattan furniture, hief value wood, is dutiable under Schedule D, paragraph 176, at 15 per cent on oreign value.

Under the proposed Fordney tariff Chinese sea-grass and rattan furniture, chief alue wood, would be dutiable under Schedule 4, paragraph 411, at 50 per cent on American valuation.

IS A DUTY SIX TIMES THE COST OF THE CHAIR ITSELF A JUST DUTY?

Compare the duties on a chair costing $2.14 United States currency in China:

Payne-Aldrich (1909–1913)	$0.749
Underwood (1913 to date)	.32
Fordney (proposed)	12.85

This is an increase of over 3,900 per cent. It is prohibitive. It amounts to an embargo on the products of a friendly republic, to the relief of whose suffering people America recently gave millions.

IN EFFECT A DUTY ON FREIGHT RATES.

The ocean and rail freight is approximately twice the cost of the goods in China. Under the American valuation plan the duty as imposed is a duty on the transportation costs as well. This plan may not seriously affect importations on which the freight is a small item, but on bulky articles like Chinese sea-grass and rattan furniture where freight is a major item of cost, the American valuation plan will automatically more than double the value on which duties are assessed.

Merchandise has a certain intrinsic value, and while supply and demand determine the "fair market value" to a certain extent, there is always a limit to what may be obtained for merchandise, and as Chinese sea-grass and rattan furniture is essentially merchandise that goes into the average citizen's home it can not be marketed at any fancy price.

We estimate $9.10, the present wholesale selling price, as the maximum wholesale selling price, based on years of experience as importers and a knowledge of trade conditions.

WHAT IS A FAIR DUTY?

A study of the cost sheet attached will show that the proposed duty is prohibitive. A duty of 5 per cent on the American valuation plan would be about the maximum that an importer of Chinese sea-grass and rattan furniture could pay and continue to do business.

We ask therefore that portion of paragraph 411, page 80, line 3 (H. R. 7456), be changed to read—beginning with the word "furniture":

"Furniture made with frames wholly or in part of wood, rattan, reed, bamboo, or malacca, and covered wholly or in part with rattan, reed, grass, rattan peel, or fiber of any kind, 5 per centum ad valorem."

Or a substitute based on a specific duty as follows:

"Small pieces, 35 cents; regulation chairs and rockers, 75 cents; larger pieces, such as settees, lounges, recliners, extension chairs, etc., $1.00."

With the application of the American valuation plan this shows an increase of approximately 50 per cent over the present rate of duty. Where we are now paying $0.32 on No. 22 chair we would be paying $0.45½ on a 5 per cent ad valorem duty.

Under a specific duty of 75 cents a chair, the increase in duty would be approximately double that obtained under the present rate.

We have gone into some detail in an endeavor to cover this matter in a complete and comprehensive manner. If there is any point upon which you desire further information we will be glad to submit it. In all cases where we have quoted figures we have been very conservative and have sincerely tried to present the facts to you. Further, when we state that if the proposed tariff was to become effective we would be compelled to discontinue business we are stating the absolute truth. This tariff would not act as a revenue producer but as an absolute embargo on Chinese sea-grass and rattan furniture.

Detailed costs of a typical Chinese sea-grass chair (No. 22) under present tariff, under proposed tariff, under a duty of 5 per cent of American valuation, and under a specific duty of 75 cents a chair.

[Wholesale selling price f. o. b. Grand Rapids, Mich. Terms, 2 per cent, 30 days.]

Items of cost.	Chair measures 11¼ cubic feet, weighs 22 pounds packed. Hongkong cost, $3.90 Hongkong currency.			
	Costs under present duty of 15 per cent of foreign valuation.	Costs under proposed duty of 50 per cent of American valuation.	Costs under a duty of 5 per cent of American valuation.	Costs under duty of 75 cents a chair.
Cost of chair in United States currency (exchange of $0.55 on Hongkong currency of $3.90)	$2.14500	$2.14500	$2.14500	$2.14500
Marine insurance, stamps, consular fees, etc., about	.02145	.02145	.02145	.02145
Shippers' commission, 5 per cent of cost	.10725	.10725	.10725	.10725
Ocean freight, at $8 per ton of 40 cubic feet, on 11¼ cubic feet	2.25000	2.25000	2.25000	2.25000
Marking each bale of 2 pieces, at 7 cents per bale	.03500	.03500	.03500	.03500
Forwarding agents' charges, bale of 2 pieces, at 7½ cents per bale	.03750	.03750	.03750	.03750
Incidental charges, including revenue stamps on entry, bond fees, cartage to appraisers' stores, etc	.01600	.01600	.01600	.01600
Rail freight at $8 per hundredweight on 22 pounds, plus war tax	1.81280	1.81280	1.81280	1.81280
Salesmen's commission and trade discount, approximately 10 per cent	.91000	2.57000	.92500	.96000
Total cost, excluding duty	7.33500	8.99500	7.35000	7.38500
Duty	.32175	12.85000	.46500	.75000
Total cost, including duty	7.65675	21.84500	7.82500	8.13500
Importers' profit (which includes rent, office expenses, etc.), approximately 20 per cent	1.45000	3.85500	1.42000	1.47000
Wholesale selling price, f. o. b. Grand Rapids	9.10	25.70	9.25	9.60

BROOM HANDLES.

[Paragraph 414.]

STATEMENT OF SAMUEL WASSERMAN, NEW YORK CITY.

It appears that broom handles under paragraph 414 of the Fordney bill are to bear a duty of 25 per cent ad valorem, to which we are opposed. They are now on the free list, and there is every reason why they should remain there.

There are between 35 and 40 broom-handle factories in the United States. There are about 1,000 establishments, consisting of factories, penal institutions, and institutions for the blind engaged in the manufacture of brooms, with an output of about 50,000,000 brooms annually. These establishments are spread all over the country from coast to coast. Broom corn, the raw material used in the manufacture of brooms, is grown principally in Kansas, Missouri, New Mexico, Illinois, Oklahoma, and Colorado. Wire, twine, nails, and velvet also enter into the manufacture of brooms. Amsterdam Broom Co., of Amsterdam, N. Y., represented by the undersigned, the largest broom factory in the United States, with a capacity of 12,000 brooms daily, is running at present about 25 per cent normal. This concern has been in business for nearly 40 years, employs when running full several hundred men, and has a large wage list.

Broom handles are made out of the following hard woods: Beech, birch, and maple. Hardwood lumber costs about $40 per thousand feet. About 1,700 handles can be manufactured from 1,000 feet of hardwood lumber. The cost of manufacture of the handles runs from about $5 to $7 per thousand, according to factory conditions. This would bring the cost to the manufacturer of the handles to about $30 per thousand for the first grade. The present selling price is about $50 per thousand. The prevailing prices for broom handles before, during, and after the war are as follows: Before the war, $18 to $20 per thousand; during the war, $80 per thousand; after the war, $50 per thousand.

These prices can be substantiated by invoices in my possession, and which are at the disposal of this committee. During the war it was almost impossible to obtain the necessary supply of broom handles at any price. This country's supply of beech, birch, and maple, the hard woods used in the manufacture of broom handles, is very limited, and our forests are now being denuded of these very valuable hard woods, which could be much better utilized in building homes. We should, therefore, welcome the importation from other countries of the hard woods necessary to make broom handles. Putting and keeping broom handles on the free list has the effect of stabilizing prices, so that broom-handle manufacturers here can not charge an unreasonable price for their product. Broom handles on the free list will also enable the broom manufacturer to turn out his finished product, the broom, at a lower price. Broom handles on the free list will enable the consumer to reap the benefit.

Broom handles on the free list will not injure the broom-handle manufacturers, as they are to-day receiving more than a fair margin of profit and need no protection. If a duty is put on broom handles, it will encourage the handle manufacturer to raise his prices even above that now prevailing. This household necessity, the broom, is in the possession of and purchased by every thrifty and careful housewife in the land and should not be called upon to bear the burden of any duty. The broom manufacturer, in competition with the vacuum cleaner, carpet sweeper, and other devices, has a difficult time, indeed, in making both ends meet and putting out an article at a moderate price.

We have no knowledge of the broom-handle manufacturers having requested this tariff. They have always prospered without it and do not require it now, while many broom manufacturers have requested at prior tariff hearings that broom handles be placed and kept on the free list. Furthermore, it would be such a small source of revenue to the Government as to be negligible.

INDEX TO SCHEDULE 4.

NAMES.

SUBJECTS.

X

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

ON THE PROPOSED

TARIFF ACT OF 1921

(H. R. 7456)

SCHEDULE 5

SUGAR, MOLASSES, AND MANUFACTURES OF

Revised and Indexed

WASHINGTON
GOVERNMENT PRINTING OFFICE
1922

COMMITTEE ON FINANCE.

BOIES PENROSE, Pennsylvania, *Chairman.*

PORTER J. McCUMBER, North Dakota.
REED SMOOT, Utah.
ROBERT M. LA FOLLETTE, Wisconsin.
WILLIAM P. DILLINGHAM, Vermont.
GEORGE P. McLEAN, Connecticut.
CHARLES CURTIS, Kansas.
JAMES E. WATSON, Indiana.
WILLIAM M. CALDER, New York.
HOWARD SUTHERLAND, West Virginia.
FURNIFOLD M. SIMMONS, North Carolina.
JOHN SHARP WILLIAMS, Mississippi.
ANDRIEUS A. JONES, New Mexico.
PETER G. GERRY, Rhode Island.
JAMES A. REED, Missouri.
DAVID I. WALSH, Massachusetts.

LEIGHTON C. TAYLOR, *Clerk.*
W. B. STEWART, *Assistant Clerk.*

II

NOTE.

Believing the greatest demand for the Tariff Hearings before the Senate Finance Committee on H. R. 7456 will be only for those schedules containing the particular items in which each individual is interested, the preliminary prints have been revised and indexed and printed by schedules.

The hearings are paged consecutively and comprise the following separate documents:

American Valuation.
Dyes Embargo.
Schedule 1.—Chemicals, Oils, and Paints.
Schedule 2.—Earths, Earthenware, and Glassware.
Schedule 3.—Metals and Manufactures of.
Schedule 4.—Wood and Manufactures of.
Schedule 5.—Sugar, Molasses, and Manufactures of.
Schedule 6.—Tobacco and Manufactures of.
Schedule 7.—Agricultural Products and Provisions } combined.
Schedule 8.—Spirits, Wines, and Other Beverages } combined.
Schedule 9.—Cotton Manufactures.
Schedule 10.—Flax, Hemp, and Jute, and Manufactures of.
Schedule 11.—Wool and Manufactures of.
Schedule 12.—Silk and Silk Goods.
Schedule 13.—Papers and Books.
Schedule 14.—Sundries.
Schedule 15.—Free List.
Special and Administrative Provisions, and Appendix containing briefs received too late for printing in the volume containing the hearings upon the various schedules.

LEIGHTON C. TAYLOR, *Clerk*.

SCHEDULE 5.

SUGAR, MOLASSES, AND MANUFACTURES OF.

CUBAN SUGAR.

[Paragraph 501.]

STATEMENT OF EDWIN F. ATKINS, REPRESENTING E. ATKINS & CO., BOSTON AND NEW YORK.

Mr. ATKINS. My name is Edwin F. Atkins; I represent E. Atkins & Co., Boston and New York.

Senator McCUMBER. And your business?

Mr. ATKINS. Our primary business is that of sugar importers and managers of sugar estates.

I am also president and director and manager of several sugar estates in Cuba.

Senator McCUMBER. Mr. Atkins, you can make your own statement in your own way. I will ask that Senators allow Mr. Atkins to proceed and get through before any questions are asked.

Mr. ATKINS. I prepared a brief when I was asked to come here on September 2, but for the sake of brevity I propose to give you a statement embodying the salient points of that brief, instead of attempting to read the brief here, which would take too much time; and then the brief will be presented later for publication, if it is your pleasure to do so.

An experience of over 40 years in the island of Cuba, coupled with the substantial character of the American interests which I represent, justifies, I feel, my request to appear before you and make protest against the enactment into law of the rates upon sugar proposed by the Fordney bill. I speak primarily for American interests, but I also appear as a friend and coworker with the Cuban people, with whom for nearly half a century I have been associated.

The rates proposed are higher than the duties in either the McKinley, Wilson, Dingley, Payne-Aldrich, or Underwood tariff acts. They are higher than any duties which have been imposed upon sugar in over 30 years. Recognizing, however, that the demands of the Federal Government require an increase in its revenues, I realize that your committee must be shown that either the proposed rates will not produce the expected revenue or that there are special reasons why the rates should not be made effective. The objections to the bill to which I wish to call your attention are as follows:

The rates are so high that they will check importations and reduce revenues. Cuba is in dire financial straits, and instead of aiding her in her hour of distress this bill will create a more serious situation than now exists in the island.

Cuba is one of the best customers America has, and America's own business interests are threatened by the proposed bill.

After freeing Cuba from Spanish rule, we undertook a wardship unique in the history of international relations. As a result of that wardship we are morally bound to help Cuba and not to injure her.

The second paragraph of the proposed sugar schedule, which permits certain domestic manufacturers to import sugar "at three-fourths of the rate of duty to which such sugar would otherwise be subject," is not only a domestic class discrimination, but it is apparently a violation of our treaty with Cuba.

Now, I want to touch upon the conditions in Cuba.

Between June and December, 1920, the price of Cuban raw sugar dropped from 22½ cents to 3½ cents per pound. The phenomenal drop in price from the highest known since Civil-War days to the prewar level has caused the greatest distress. The past six months have been but a series of bankruptcies, insolvencies, and failures of the most prominent banking and commercial firms of the islands. As a result, to-day practically the entire banking business of the island is in the hands of American and Canadian banks, the success of which is entirely dependent upon Cuba's sugar industry.

Unfortunately, the disaster which Cuba has suffered was not confined to her banks and to her men of wealth, but the greatest distress has come upon the laboring class. Upon the mills ceasing to grind at the end of the season—that was last May and June—many estates found they could not pay their laborers. In the absence of money, men were paid off with vouchers, and the laborers were forced to accept the pay vouchers which locally passed as currency and had to be accepted as the estates had nothing better to offer.

Under the conditions which confronted them, those laborers who could find passage money left the island either for their homes in Spain, Haiti, Jamaica, or the Canary Islands. Those who could not do so were forced to remain and make the best of the situation. They are now not only out of work, but they and their families are in absolute want. Such of the laboring element as is able to leave the island will probably not return, and a shortage of labor for the coming crop is certain.

I might add here that many of the passages of these laboring people are paid either by the Cuban Government or by the Spanish Government, in order to assist them.

Many Cuban producers are being forced into bankruptcy, and the condition of the Cuban farmers and laborers is most serious. Banks and bankers have large sums outstanding as loans to the estates, which can not be collected except through the prosperity of the sugar industry.

American exporters of goods to Cuba have some $125,000,000 of uncollectible bills outstanding, their correspondents being unable to pay owing to their inability to collect. In many of the country districts the grocery stores have been closed, the storekeepers being unable to obtain supplies from their customers; that is, they can not buy because they can not pay. The small farmers or colonos, as well as the large sugar estates, with few exceptions, have been unable to employ labor during the past months. All the Cuban banks, with the exception of some private institutions, were forced to close, and

the island is entirely dependent now upon the banking institutions of the United States and Canada, which, through force of circumstances, have been obliged to restrict credits to a minimum. In many districts the country people are suffering from hunger and are without proper clothing and the necessities of life. Women and children and many laboring men are being fed by charitable societies and such of the sugar estates who have any means at their disposal, also through municipal governments. These conditions have given rise to grave fears of political disturbances and attacks upon property which may call for American intervention.

I might add here that I am speaking in regard to the conditions of these people from actual experience. I have been taking care of a great many of these people, and I know that many other estates have been doing the same through the summer time, because they could not give them employment and they have been simply feeding them out of charity.

Under the reciprocity treaty with Cuba, following the peace treaty with Spain, known as the treaty of Paris, special concessions were granted by Cuba to the United States amounting to from 20 per cent to 40 per cent preferential duties, and in return the United States accorded a 20 per cent preferential on Cuban sugar and other products. Trade thereafter between the United States and Cuba showed a tremendous gain.

Previous to the Spanish-American War our exports to Cuba were approximately $25,000,000 per annum. Last year, as shown by the Statistical Abstract of the United States, our exports were over $500,000,000. These exports comprised pretty much all of Cuba's requirements, and report of the department of commerce of the Cuban Government for 1919 giving imports into the island from all parts of the world showed that the United States had furnished 78 per cent of all Cuban imports. The balance of her imports not coming from the United States were composed of merchandise and articles not produced here, or with such articles with whieh we could not compete in price. Since the Spanish-American War Cuba has always been one of our best customers, but last year she rose from the seventh place to the fourth; that is, she occupied the fourth place as among our customers purchasing from the United States; her purchases amounted in value to 80 per cent of all merchandise purchased by South American countries.

I submit a tabulation giving the values of the principal commodities exported by the United States to Cuba in 1920, the last figures available. A glance at this list makes it clear that any injury to Cuba's buying power will immediately affect American manufacturers. This is a condensed list taken from a very long list of all the exports, and this, I think, is accurate. I will only touch upon a very few of the leading articles that go to Cuba:

Wheat flour, $17,000,000, and then comes automobiles, $14,000,000; freight cars, $10,000,000; bituminous coal, $13,000,000; textile goods, $60,000,000; wearing apparel, $14,000,000; foodstuffs of all kinds, nearly $63,000,000; oil and grease, $13,000,000; manufactures of iron and steel, $26,000,000; locomotives, $8,000,000; sugar-mill machinery, $13,000,000. That machinery comes from Ohio, largely; Birmingham, Ala., and various points in New York State and Michigan; a good deal of it comes from Detroit. Steel rails, over

$7,000,000; parts of other machinery, more than $17,000,000; boots and shoes, $21,000,000.

Now, those exports go from my own country—that is, the New England States, very largely Massachusetts. They have taken all of the trade of Cuba in boots and shoes. Manufactures of leather, $2,000,000; paper and bags, $7,800,000; soaps, $1,251,000. Here is pitch pine and railroad ties, shipped principally from our Southern States, over $15,000,000; manufactures of wood, $2,500,000; boilers and parts, over $5,000,000.

I will not tire you with the other items, but simply say that the entire value of these exports last year exceeded $500,000,000.

Of products of our farms, we shipped nearly $15,000,000 of lard; of hams and shoulders, over $5,000,000; of corn and oats, over $5,000,000; of sausage, $2,500,000; and of cheese, $1,000,000. Of cattle and hogs we shipped $3,500,000; condensed milk, I think, $8,000,000. We also sold to Cuba fertilizers to the extent of $8,000,000.

The list I submit is an imposing one and concerns sending over $500,000,000 of products of various kinds to Cuba were American concerns doing business in the island and fully as dependent upon her welfare as the grower of cane in the island itself.

As President McKinley so wisely said in his address at Buffalo:

> We must not repose in fancied security that we can forever sell everything and buy little or nothing.

The Fordney bill will reduce the buying power of Cuba with the inevitable loss of trade to countless American concerns of whom she is a customer.

The statistical abstract of the United States for 1920 shows that we paid Cuba for that year $721,000,000. As she purchased from us about $515,000,000, it will doubtless be said that the balance of trade of $206,000,000 was against America, and for that reason Cuba took more than she gave. Such a statement would overlook two vital considerations:

First. The value of imports from Cuba do not represent money payments sent to the island. The investment and ownership by American interests in Cuba means that very large sums are paid to these American interests in the shape of dividends, interest charges, transportation, etc, which would more than offset the figure given as the balance of trade in Cuba's favor.

Second. Since the American occupation there has been a tremendous increase by the United States in its participation in Cuban business enterprises.

I have stated that fully $125,000,000 is due to American exporters. One of the largest items of this indebtedness is due for sugar machinery which has been sold partly upon installments. The cotton-textile people who have formed a creditor's protective committee advise me that they have at least $6,000,000 in outstanding accounts.

I might add that this is the New England interests alone; that does not include the southern cotton exporters, nor does it include the woolen textiles. This does not include woolen goods or wearing apparel. Manufacturers of boots, shoes, ladies' hosiery, canned goods, fertilizers, automobile parts, automobiles, railroad supplies, steel rails, and the oil people all have debts due them, the payment of which is dependent upon the success of Cuba's sugar industry.

Those people who have outstanding accounts in Cuba are some of the best known firms in the United States in all lines of business.

Others submit in more detail than I can furnish the total holdings of the American interests in the island. It is my belief that one thousand millions of dollars is a low estimate for the approximate total of American investments there.

The Fordney rates made permanent will work great harm to Cuba's sugar industry and impose an unjust burden upon American consumers.

I am sure that our opponents will say that the producers have paid this additional duty, which I concede. Whenever there is an overproduction of any article the price declines and the producers in order to get into this country have to reduce their price. After awhile those low prices will reduce the production, prices will advance, and then the consumer must pay the duties to which I refer here. I think that people have been very much befogged and misled on that principle. It is a simple rule of supply and demand. When you have a supply exceeding the demand the prices go down and vice versa. This Fordney bill will destroy in a great measure our large export trade to the island and make impossible the collection of several hundreds of millions of dollars due to our banks and to our exporters, which can not be collected unless the sugar business of Cuba prospers.

I have tried to show that commercial reasons of the highest importance demand that we promote the welfare of Cuba. There are, however, reasons of still more weight that render it imperative that we do not jeopardize Cuba's international standing.

Modern historians, in seeking the cause of wars and international misunderstandings, lay great weight on economic conditions. Spain sought to protect her own interests at the expense of Cuba and enacted legislation entirely with a view to her own benefit. This legislation not only related to the tariff but to shipping, various forms of excise taxes, and the innumerable devices which monarchies are known to make insufferable to colonial governments.

I submit that with some authority, because I was in Cuba previous to these developments. I cautioned my Spanish friends about the course they were pursuing, telling them they would lose the island unless they treated Cuba with more justice.

As long as the European countries were dependent upon the West Indies for the greater part of their sugar supply, Cuba had the buyers of Europe competing with those of the United States, but as time passed the continental countries of Europe all became producers of beet sugars and levied heavy duties against foreign imports. Then their markets were closed to Cuba. Since their production exceeded their consumption requirements, export bounties were paid which enabled them to sell free trade England at prices below the cost of production. Cuba could no longer compete there and so became dependent upon the United States. Fortunately for her a countervailing duty, in addition to the regular tariff, had been imposed by the United States against those countries paying an export bounty, and the United States became the market for her sugar.

In 1890 the McKinley tariff bill was passed and by what was known as the Aldrich amendment power was conferred upon the President of the United States to negotiate treaties of reciprocity which would

admit sugar free of duty from such countries as would make concessions in their tariffs upon American merchandise. Under the power so conferred a treaty of reciprocity was negotiated with Spain and afterwards similar treaties were made with the principal sugar-producing countries of the world, and the United States tariff on sugar was practically abolished; so our exports with Cuba rapidly increased; the cost of food supplies in Cuba was greatly reduced, and the island entered upon a period of prosperity such as it had not known for many years.

In 1894 the change from a Republican to a Democratic administration at Washington was followed by the passage of the Wilson tariff bill which again placed a duty upon sugar, canceled the reciprocity treaties, and brought a return to the Spanish tariff rates in Cuba. Prices of sugar declined, while cost of living increased and as the estates finished their crops in the spring of 1895, all work on the plantations ceased. Thousands of laborers were suddenly thrown out of employment, and unable to gain a livelihood took to the woods and joined the ranks of the insurgents. The destruction of property, the loss to commerce, and the reduction of Cuba's sugar crop in one year from 1,040,000 to 230,000 tons, with the Spanish-American War which followed, are now matters of history.

So it was in fact economic troubles that sent Gens. Gomez, Maceo, Marti, Garcia, and others to the fields in their ultimately successful struggle for independence.

To correct this situation the United States went to Cuba's aid, freed her from Spain and in the process let in Porto Rican sugars, as well as Philippine Island sugars, free of duty. The Fordney bill proposes to put on a duty higher than has existed in 30 years. If we do it and bring about a serious curtailment of Cuba's sugar industry, we are not only violating our international obligation to Cuba but setting in motion economic forces the result of which I hesitate to predict.

When Cuba accepted as a part of her constitution the Platt amendment, which gave the United States the "right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property, and individual liberty," she at the same time agreed that she would "never enter into any treaty or compact with any foreign power or powers which will impair or tend to impair the independence of Cuba, nor in any manner authorize or permit any foreign power or powers to obtain any colonization, or for military or naval purposes, or otherwise, lodgment in or control over any portion of said island."

In addition to this provision Cuba is, of course, debarred by the Monroe doctrine from affiliating with any foreign nation, has she any desire so to do. The result is that Cuba is in every way, politically, financially, commercially, and industrially tied up with the United States and anything which threatens to injure her will inevitably injure this country.

In 1901 Elihu Root, who was the Secretary of War, spoke unreservedly in favor of this country granting tariff concessions to Cuba, and declared:

> Aside from the moral obligation to which we committed ourselves when we drove Spain out of Cuba and aside from the ordinary considerations of commercial advantage involved in a reciprocity treaty, there are the weightiest reasons of American publ[ic]

olicy pointing in the same direction; for the peace of Cuba is necessary to the peace of the United States. The same considerations which led to the war with Spain now require that a commercial agreement be made under which Cuba can live. The condition of the sugar and tobacco industries in Cuba is already such that the earliest possible action by Congress upon this subject is desirable.

President Roosevelt in a special message to Congress urging reciprocity with Cuba said:

In the case of Cuba * * * there are weighty reasons of morality and of national interests why the policy should be held to have a peculiar application, and I must earnestly ask for your attention to the wisdom, indeed to the vital need, of providing for a substantial reduction in tariff duties on Cuban imports into the United States. Cuba has in her constitution affirmed that she should stand, in international matters, in closer and more friendly relations with us than any other power, and we are bound by every consideration of honor and expediency to pass commercial measures in the interest of her material well-being.

This obligation to stand by Cuba was thoroughly recognized by our Government in 1902 and, I believe, is recognized to-day. But a tariff bill which proposes rates which will require Cuba to pay substantially more than those in effect when President Roosevelt asked Congress to reduce the import duties, will not promote the "closer and more friendly relations" desired by our Government.

I want to touch on the second paragraph of the Fordney bill, which apparently violates the treaty with Cuba.

The second paragraph of the Fordney bill provides that for every pound of domestic sugar used, a refiner can import 2 pounds of foreign sugar at three-fourths of the regular duty. If such imports consisted of full duty sugars paying 2 cents per pound, such as Javas, for instance, the effect would be that such sugars would pay less duty than Cuban sugars.

In the reciprocity treaty providing for admittance of Cuban merchandise at 20 per cent less than the tariff rates, appears the following:

The rates of duty herein granted by the United States to the Republic of Cuba are and shall continue during the term of said convention preferential in respect of like imports from other countries.

If the Fordney bill is enacted, domestic manufacturers or refiners coming within the scope of this paragraph, could import full-duty-paying sugars at 25 per cent less than the full tariff rates; and they could be imported by the beet sugar factories or Louisiana refiners at a duty of 1.50 cents per pound while Cuba pays 1.60 cents. The object of the treaty with Cuba was to give to the island a preference of 20 per cent over all like imports from other countries. Manifestly any tariff act that prevents the complete carrying out of our treaty obligations with Cuba would be a breach of international faith, which I can not believe the Government of the United States intends to commit.

One of the representatives of the refiners, whom I think is present, can elaborate a little upon the refining end of that paragraph.

Senator Smoot. Mr. Chairman, I do not know whether Mr. Atkins can answer the questions I want to put to him or whether the gentleman who is trying to tell him what I am saying can follow the exact words as I say them.

Senator McCumber. Perhaps if you use his speaking tube you can carry on your examination without difficulty.

Senator Smoot. All right; I will try that method.

Mr. Atkins, you have always been opposed to the creation of a beet-sugar industry in the United States, have you not?

Mr. ATKINS. Certainly not; I deny that most emphatically. At one time I was the representative of the largest holders of beet-sugar stocks in the United States.

Senator SMOOT. I am aware of that, Mr. Atkins, but let me read you your testimony. You are perfectly willing to stand by your testimony given before the committee in the House?

Mr. ATKINS. If I have not been misinterpreted. Let me see it.

Senator SMOOT. I will read it to you. This was before the Hardwick sugar investigation committee, 1912 [reading]:

> Mr. MADISON. You stated a moment ago, Mr. Atkins, or this morning, that you decidedly opposed going into the beet-sugar business. What was the reason of that?

That was a question that Mr. Madison asked you. I want to read you your answer—not what you are going to say now, but what you did say [reading]:

> Mr. ATKINS. The beet-sugar business was a competitive business. It produced in the western territories, where our market lay. That is, I say, "our market"—I mean the market of the refiners, the various refiners, of the United States. As that industry grew—and I foresaw that it would grow rapidly—I believed that it would reduce the volume of business not only of the American Sugar Refinery Co. but all the refineries on the Atlantic coast; and although we had millions of dollars invested in the business there we were building up a competitive business, one that would compete with ourselves, and which was bound to get away from us; we could not control it in the end. I say "we"—I had no connection whatever with it. That was simply a business man's opinion.
>
> Mr. RAKER. How far west do you ship?
>
> Mr. ATKINS. We ship, when we are able to do so, out to Omaha and Kansas City.
>
> Mr. RAKER. You ship no further west than these points?
>
> Mr. ATKINS. We would if we could, but we can not get in there owing to the competition of the beet factories.

I am not going to read any more of your testimony, but that is what you testified in 1912, and that is why I asked you if you are not opposed to the creation of the beet-sugar industry in the United States.

Mr. ATKINS. Mr. Chairman, if you will bear in mind that that was an examination by the—whatever is the name of that committee—

Senator SMOOT (interposing). The Hardwick committee.

Mr. ATKINS. An examination of me as the representative and chief of the American Sugar Refining Co. My testimony was given there with that only in view, and when I speak of opposing the policy of the American Sugar Refining Co. in entering upon this beet business, I did so because I thought it was inconsistent for them to be on both sides. They could not follow up, as they should do, the beet-sugar industry and also the refining business.

Senator SMOOT. You do not say that in your testimony. You spoke for the American Sugar Refining Co., and you were at the head of that concern. Did you speak for all of the sugar refiners in the United States?

Mr. ATKINS. Exactly, sir. I intended to speak for every refiner, because the business of the American Sugar Refining Co. was the refining business of the United States, and I knew that the rapid development of the beet sugars would gradually drive them back, and it has been proven to be so.

Senator SMOOT. Certainly. Nobody contends that it has not been a competitive business of the sugar refineries themselves, the same as evidently appeared in 1911 when the sugar refiners would have

laced a price upon the sugar in the United States on account of ck of sugar in that year that would have made the American eople pay more money than all of the beet-sugar refiners in the nited States had cost them.

Mr. ATKINS. I beg to take exception to that statement. The sugar finers would never care to do such a thing as that.

Senator SMOOT. They did it up to November.

Mr. ATKINS. Not at these extréme prices.

Senator SMOOT. Absolutely, and I can prove it. You say that the igar producers are in dire financial straits?

Mr. ATKINS. Yes.

Senator SMOOT. Do you not know that the beet-sugar people are i just as dire straits, financially?

Mr. ATKINS. I am fully aware of that, Mr. Chairman.

Senator SMOOT. But you are perfectly willing they should be?

Mr. ATKINS. No, sir; I am not perfectly willing that they should e. I will tell you, if you will listen one moment, that when I came own here after the last change of the tariff I made as strong a plea s I could in favor of the beet-sugar manufacturers having sufficient rotection, which we settled upon at that time to the satisfaction of verybody, a cent a pound against Cuba.

Senator SMOOT. You say "to the satisfaction of everybody." Who do you mean by "everybody"?

Mr. ATKINS. I mean the beet-sugar producers as well as every-ody else.

Senator SMOOT. Then I deny that. Cuba is a fair customer of ours, s she not?

Mr. ATKINS. Yes.

Senator SMOOT. She has preferential rates on all exportations, does he not, of 20 per cent, and we have a preferential rate on all goods oing into that country?

Mr. ATKINS. From 20 to 40 per cent.

Senator SMOOT. If she could buy her goods cheaper anywhere else here is where she would buy.

Mr. ATKINS. She can not buy them, under treaty.

Senator SMOOT, Oh, yes; she can. She can buy anywhere she wants to. But she gives the American manufacturer 25 per cent dvantage.

Mr. ATKINS. If she can do it, there is no reason why she should not buy somewhere else.

Senator SMOOT. Oh, yes; but you said she could not.

Mr. ATKINS. She can not break with the United States on account of treaty.

Senator SMOOT. The treaty does not bind her from buying goods anywhere on earth. Cuba was responsible, was she not, for the mportation of nearly 800,000 tons of sugar into the United States rom Java and from other parts of the world, when Cuba was trying o hold the price up to 24, 25, and 26 cents a pound, was she not?

Mr. ATKINS. No, sir.

Senator SMOOT. Why did the United States Government, through ts Food Administration, ask certain men in New York to scour the world for sugar and import into the United States to break the Cuban price, if that were not true?

Mr. ATKINS. They did not understand the situation.

Senator SMOOT. Oh, no.

Mr. ATKINS. Will you wait a moment?

Senator SMOOT. Yes.

Mr. ATKINS. I was called to Washington two years ago, I think was, when I came back from Cuba, for an interview with Palm He wanted the various sugar people to make suggestions about h the price of sugar should be checked. He said it was going up to very high point. I said, "Mr. Palmer, I have just come from Cub I can assure you that there is no real scarcity of sugar." I said th there was sugar enough in Cuba to run the United States through i the next beet crop in October, and this was early in June. He sa "How do you know that?" "I have seen the sugar in Cuba. know that there is a large stock of sugar in the interior of Cuba th never has been reported." They only reported the stocks in t ports, and "I know that there is sugar enough there to supply t country up until the 1st of October, together with what other sug is to arrive."

But he did not think I was right. I knew I was right.

Senator SMOOT. I know you were right, too; and Mr. Spreckels a myself testified before a Senate committee that there was ample sug to take care of the situation, but that was not what the Governme was after. They were trying to break the price of sugar, and on last week there was a bill passed the Senate granting to one of the importers of sugar a claim of $1,000,000, and the claim was prese by our own department because of the fact that they had request them to bring this sugar in, and it did not come here—the last t shipments—until the price had broken in Cuba. They paid 11 cen for it, and we just the other day granted the claim of over $1,000,0 to that one importer upon one importation of 9,000 tons of sugar.

Mr. ATKINS. Because the Government had requested it.

Senator SMOOT. Certainly. That is why I said the Governme had to go to work and get 800,000 tons of sugar from somewhere e besides Cuba to break the price that the Cuban planter was holdi his sugar at.

Mr. ATKINS. There was no need of that on the part of the Unit States Government. They took that responsibility entirely up themselves. They disregarded the advice of the sugar people w knew about the situation.

Senator SMOOT. But it was the only way that the Cuban price w broken; that is what broke the price and nothing else.

Mr. ATKINS. It would have broken. I told Palmer at that tim if he would call the newspaper reporters in—they were waiting o side of the door—and tell them that the consensus of the opinion that meeting was that there was plenty of sugar, if carefully handl to carry the country through and to prevent a further advance, th it would check all of these high prices. If he had taken my adv they would have had none of those high prices.

Senator SMOOT. They did take your advice as far as the Sena was concerned, and we held that investigation of the whole thin and the Sugar Equalization Board was there. The Sugar Equaliz tion Board took exactly the opposite position; and I think that M Spreckels and I were the only two witnesses who said there w ample sugar in Cuba and in the United States to take care of t situation. But that does not affect the price. The price of sugar

Cuba did not decline until importations began, and the result of those importations has been that there has been too much sugar in the market, together with the extreme amount of sugar that Cuba produced—3,900,000 tons—and that is what is the trouble with the sugar market to-day, and you as a refiner must know it.

Mr. Atkins. Of course, I know it—that the trouble to-day is overproduction of sugar, and I also know that for overproduction Mr. Hoover is directly responsible. He, in his desire to help win the war and to do everything in his power—and he did it well, too; I appreciate his ability—but he is responsible for this overproduction of sugar.

Senator Smoot. Your position is, of course, that the beet sugar has got to stand this?

Mr. Atkins. No.

Senator Smoot. Cuba brought it on..

Mr. Atkins. Why do you make such an assertion as that?

Senator Smoot. Because of the very fact that you know very well, as you are a refiner, that the cost of sugar here in America is more than a cent a pound above what the cost of sugar in Cuba is. You know that and every other refiner knows it, and you yourself testified as to how interested you were and about the charity that had been extended to the laboring people of Cuba. It seems to me that if you wanted to extend charity to the Cuban laborer you people ought to pay them more than 65 cents a day in store pay.

Mr. Atkins. How is that? Why do you make such an assertion as that? Here I am, an American citizen from Cuba. There are many others there also in the same position. We have done everything in our power to take care of our laboring population. I have paid those men a dollar a day all through the summer time when I did not need them at all, in order that they might provide for their families, and I resent the charge that I have only paid 65 cents a day. It is not true.

Senator Smoot. I do not know what you have been doing, but I will put in this testimony, which no one on earth can deny, that the price that has been paid this last winter has been 65 cents a day, payable in merchandise at retail.

Mr. Atkins. I do not know where you got that information.

Senator Smoot. I got it from better authority than you are, and it is from the officials of the Government of the United States; that is where I got it; and I am not stating anything here that I do not know.

What is the duty on sugar in England?

Mr. Atkins. I can not tell you.

Senator Smoot. It is $4\frac{3}{4}$ cents a pound, is it not?

Mr. Atkins. I do not know, sir. I have not followed that, because we have no English business now.

Senator Smoot. Would it not be a good thing now for the American refiners to get some English business?

Mr. Atkins. Undoubtedly; it would be a good thing for the American refiners to get some English business all the time.

Senator Smoot. They are going to get it, too?

Mr. Atkins. I do not know.

Senator Smoot. I am going to help them.

Mr. Atkins. I think it very doubtful if they get it.

Senator Smoot. I do not think so.

Mr. ATKINS. We are trying every day. We have one of the best houses in Great Britain acting as our agents. We are very close to them.

Senator SMOOT. I think you will get it, all right.

Mr. ATKINS. We are trying to get that business.

Senator SMOOT. You will, if I can help you.

Mr. ATKINS. We want to get it, but the trouble is you have not only to arrange for the export of this sugar. You have got to arrange for a buyer. "You can lead a horse to water but you can not make him drink" until he gets thirsty.

Senator SMOOT. I guess he is thirsty now, and I want to help you. I think that is what we will do. I think you will get the export business.

Mr. ATKINS. Now, tell me how you are going to get it.

Senator SMOOT. I do not know that it would do any good to go into details, but if you will come to my office I will tell you.

Senator WALSH. The Senator wants to keep you out of this country and send you over to Great Britain.

Senator SMOOT. No; I want, Senator, to do something to relieve the situation that was brought onto this country by the Cuban sugar manufacturers.

Senator WALSH. I think you are both trying to make the consumer pay the bill.

Senator SMOOT. That is all, Mr. Atkins, that I wanted to say.

STATEMENT OF HENRY A. RUBINO, REPRESENTING MIRANDA SUGAR CO., NEW YORK CITY.

The CHAIRMAN. You represent the Miranda Sugar Co., of 79 Wall Street, New York City.

Mr. RUBINO. Yes, sir.

The CHAIRMAN. Where do you reside?

Mr. RUBINO. New York City.

The CHAIRMAN. Where is the Miranda Sugar Co. located?

Mr. RUBINO. In the Province of Oriente, Cuba.

The CHAIRMAN. You are an importer, then?

Mr. RUBINO. Yes, sir.

The CHAIRMAN. Go ahead and state your views to the committee.

Mr. RUBINO. I represent the American interests who are engaged in the production of raw sugar in Cuba, and we desire to present to you the facts and the proofs with reference to the magnitude of the American interests in Cuba. Judging from the debates and the testimony that has been introduced before your committee and the Ways and Means Committee at the time the Fordney bill first made its appearance as an emergency measure, it was evidently the desire of the Congress to extend to the domestic sugar industry—and by the "domestic sugar industry" I mean not only the continental industry, but the industry in sugar in the insular possessions—relief from the conditions that existed a year ago, and it was believed by the Congress that that relief could best be extended by increasing the duty on sugar and measuring the difference by what the Congress deemed to be the difference in cost of production between the domestic industry and Cuban sugars.

So that primarily it affected Cuban sugars and Cuban sugars alone.

In order that I may logically present my argument to you, I trust you will bear with me for a few minutes if I state briefly some facts which are—some of which are necessarily known to you.

The United States consumes annually four and one-half million tons, approximately, of refined sugar, and that four and one-half million tons of refined sugar comes to us in this way: The beet industry of the United States, which produces a refined sugar when it is through with the process, makes approximately 800,000 tons. Louisiana, Texas——

Senator WATSON (interposing). Four and one-half million tons refined is how much raw sugar?

Mr. RUBINO. That is very difficult to answer, sir, because you get a different quantity out of beets than you do out of cane sugar.

Senator WATSON. That is what I supposed; but I was just asking for the information you can best give us.

Mr. RUBINO. As near as I can give it to you, a ton of beets produces 250 pounds of sugar.

Senator SMOOT. No; not that much.

Mr. RUBINO. That is the testimony given before your committee, Senator Smoot.

Senator WATSON. Whether it is beet or cane?

Mr. RUBINO. No; it differs with reference to cane—different in Louisiana cane from Hawaiian cane.

Senator WATSON. Then, when you say that a ton of raw sugar produces 250 pounds refined, you had reference to beet.

Senator SMOOT. You could get as much as 250 pounds out of a ton of beets of the very highest saccharine content. But the average is 233, so our department says.

Senator WATSON. That has been my understanding—235 pounds.

Mr. RUBINO. I gave the highest figure.

Senator SMOOT. I know you did.

Mr. RUBINO. Approximately 200,000 tons come into the markets of the United States from Louisiana and Texas. That sugar is raw cane sugar, but is refined or clarified in most of the plantations or factories in Louisiana, so it is a higher grade of sugar.

So that, generally speaking, we get in the United States a million tons of sugar, and that sugar is marketed in the West and in the far West.

From Hawaii we receive approximately 500,000 tons of cane sugar, and that cane sugar is practically all marketed in the far West; some of it in the mountain States of the West, and is mostly refined in a refinery controlled by the Hawaiian plantations in California—the California-Hawaiian Sugar Refining Co.

Porto Rico produces about 350,000 tons of raw sugar.

So that with a small quantity that comes in from the Philippine Islands, of raw sugar, there is received into the United States and produced in the United States approximately 2,000,000 tons.

The eastern section of the United States consumes about two and one-half million tons, and that sugar is obtained from Cuba in the shape of raw sugar and to the extent of about 350,000 tons from Porto Rico, which is also, like Cuban sugar, imported in a raw state and refined along the Atlantic coast by refiners who refine the bulk

of the sugar, and it is sold mostly in the Atlantic States, except when there is a condition of freight rates which permit it to be sold farther West.

What I want to impress upon you, if I may, is this: If the theory of this increase of the tariff by the Fordney bill was to ease the American industry from loss, it has signally failed in that accomplishment.

The Fordney bill has now been on the books for about seven months, and ever since its enactment down to the present time the benefit of that increase has not increased the selling price of domestic sugar. It has not made it one farthing dearer to the American public; it has not put one dollar into the hands of the domestic industry. All that it has accomplished, all that it can accomplish, is to practically ruin the American investment in Cuba, an investment that I will presently show you the magnitude of and will show to you has not been anything but injured by this measure.

Now we plead that if you have not benefited the domestic industry, if you have not helped it—and that was its conceived and avowed purpose—that the only thing it has accomplished is to injure the vastly greater American industry, that surely ought to be a compelling plea.

Senator McLEAN. That is your assumption. How do you know what the price of American sugar would have been if it had not been for the increase in the tariff?

Mr. RUBINO. What it would have been?

Senator McLEAN. Might it have been much lower than it is now?

Mr. RUBINO. It has been lower.

Senator McLEAN. How do you know? You have had your protection on it and it has gone lower. Now it is mere speculation on your part as to what the price would have been if there had not been protection.

Mr. RUBINO. I can not say that, Senator, for this reason, that we know what the market has been; we know what the sugar has brought; we know that despite the tariff it has not even maintained itself.

Senator McLEAN. You do not know what the price would have been if you had not had the tariff.

Mr. RUBINO. Suppose that be true——

Senator SMOOT (interposing). There would not have been any sugar industry in the United States if that had been true.

Mr. RUBINO. No, Senator; and you know that, and you know——

Senator SMOOT (interposing). I do know this, that the tariff has at least kept the industry alive, and that is all. I do not know how long it can live, but without it they could not live a month.

Mr. RUBINO. But is not that just as much speculation, Senator, as the theory that has just been advanced by the Senator, that it might have gone lower?

Senator SMOOT. No. If that is the case, if your theory is correct, what we want to do is to take $1.60 a hundred on Cuban sugar refined, out of the Treasury of the United States and give it to Cuba.

Mr. RUBINO. I do not think so, sir.

Senator SMOOT. Then how could you possibly make the statement that you did, that it did not do the sugar-producing industry of America any good whatever?

Mr. RUBINO. Because that is the fact.

Senator SMOOT. Well, I say it is not the fact.

Mr. RUBINO. Then we may differ upon the proposition, of course. When we come to the two and one-half million tons of sugar that re imported from Cuba into the United States, I am going on the ssumption that when you speak of protecting the American industry n sugar you are not going to discriminate between the American nterests in Utah or Hawaii or any other beet-producing State gainst the American investment in Cuba, and I want to show you he extent of that investment.

There will be filed with you a memorandum, where we have ttempted, with the greatest care and with all the data that is available and at our command to make accurate, to show you the extent f that American investment to-day, represented by stocks and securities, widely held and distributed in the United States, amounting to ver one billion dollars invested in the sugar industry in Cuba according to actual figures.

Let us compare the amount of that investment with the total nvestment of domestic sugar, whether it be continental sugar in the United States or sugar embraced in the insular possessions.

You have invested in the sugar industry, according to the latest vailable data—and we have given the benefit of every doubt—$175,000,000; the highest that the Tariff Commission shows or the Trade Commission shows is $150,000,000. There is invested in the Hawaiian industry $208,000,000; there is invested in Louisiana and Texas $39,000,000; there is invested in Porto Rico $71,000,000. With the investment in the Philippine Islands, the total amount nvested in the industry in the United States and in its insular possessions, from which it draws 2,000,000 tons, is $545,000,000.

So that the American industry in Cuba has twice as much at stake s all the other industries.

Senator SMOOT. Of course the Cuban industry takes in the value of the lands that these people hold.

Mr. RUBINO. I beg your pardon, Senator; that is an assumption.

Senator SMOOT. Well, it is not any assumption; it is the report.

Mr. RUBINO. You may have figures that are not available to us, but at least we can say this, that in case of many of the beet-sugar farmers the land that is not held directly by the beet farmers is held by the beet factories who actually have it under control by a lease or otherwise; and it also is a fact——

Senator SMOOT (interposing). There is not one-fourth of 1 per cent so controlled.

Mr. RUBINO. Suppose that be true——

Senator SMOOT. There is not one-fourth of 1 per cent. I do not think there is any except for experimental purposes and in some cases for the raising of beet seed.

Mr. RUBINO. I can not tell you the percentage, Senator, but I can tell you this, that I know from personal knowledge and experience that one beet-sugar factory controls over 50 per cent of its land, how many more I do not know. But, then, we might get into a controversy on that proposition.

I do know that what is actually invested in the sugar business in America and its insular possessions does not exceed, at its highest, $545,000,000, and we do know to a definite certainty that American

capital widely distributed here to the extent of $1,000,000,000 is in- vested in Cuba.

The American industry does not turn into the Treasury of th United States by way of a duty a single penny, but the Cuban sugar controlled by American capital, not only pays its cent a pound, bu is now asked to pay and has been paying 1.60 cents a pound. Wh injure the American industry? If there is any virtue in it it might b that the sugar is grown here? I have heard it said—and the autho of this bill is reputed to have said; I hope he did not say it—that Americans are foolish enough to invest their money in a foreig country that is their lookout. I can not credit that; I can not cred that the American investor who invested his money in Cuba becaus he was requested by this Government under a different political com plexion to do so should suffer or pay the penalty for that reason.

Senator SMOOT. The American investor invested his money i Cuba before there was ever a world war.

Mr. RUBINO. You are quite mistaken about that. He investe some of it.

Senator SMOOT (interposing). I did not say all of it; I said pa of it.

Mr. RUBINO. But the great bulk of it was put down there, and was put down there for this reason—I am going to be very brief i reading this to you, if you will permit me, but it is reputed to b Secretary Hoover's statement to the President in discussing the suga production of the Western Hemisphere. He is quoted as saying:

> The above figures show the tremendous increase in the production which result during the period of Government control in Cuba, against which increase the slig decreases in the other sources of supply were negligible. A much higher price th that which prevailed in 1918-19 might have conceivably increased production the United States beet industry, Porto Rico and Hawaii, to the extent of a fe hundred thousand tons. But the wiser policy was adopted of assuming a price le which would encourage production in the only source of supply from which large i creases could be immediately expected in response to the relatively small pri increases, which is Cuba.

Senator SMOOT. That was not so very much of an investmen That was land you already had, and you planted more lands to g more cane.

Mr. RUBINO. No, we did not.

Senator SMOOT. I know you did increase; nobody denies tha But take the amount of sugar that you produced in 1917, when w went into the war, and then 1919, and that will tell you how mu you increased.

Mr. RUBINO. Let me tell you that increase——

Senator SMOOT (interposing). I know it.

Mr. RUBINO. If you know it, then my statement will simply be repetition of something that you know. But for the benefit of tho who do not, it is 15 per cent.

Senator SMOOT. That is perfectly satisfactory to me, sir.

Mr. RUBINO. So it is now, sir; but the beet industry increased 3 per cent. The increase is not in the Cuban cane industry, as yo would have it appear. I do not say that offensively. The Cuba industry is suffering by reason of this tremendous increase. It mad this increase because it was requested by this Government to do s

ld I wonder why Mr. Atkins, is answer to your question, when ou spoke of the tremendous increase in price of Cuban sugar 1920, did not recall to you that it was the subject of such crimonious debate on the floor of the Senate, when the McNary ill was under discussion, that the Cubans offered their entire op to this country for—not 24 cents nor 20 cents nor 15 cents or 0 cents, but 6½ cents, and the offer was not accepted—and why id the Cubans increase their price? Because the Attorney General f the United States tacitly agreed that the price of Louisiana sugar ould be 18 cents—at least he agreed not to prosecute—and if ouisiana could get 18 cents for its sugar, would you, Senator, expect hat the beet industry would take less, or that the Cuban industry ould take less? Cuba had offered you her crop at 6½ cents. Why id not the Government accept that offer? I am not here to answer hat. I am answering your argument.

Senator SMOOT. So far as that is concerned, I ask why they did ot take it. If I had had my way they would have done so. But ou know why they did not take it, and there is no need of discussing hat.

Mr. RUBINO. I understand the reason we did not take it was ecause Prof. Taussig had the ear of the Government at the time and hought that economically it was a blunder. Perhaps he was mistaken. There was no reason why Cuba should not get its price if he beet-sugar people got their price. Did the beet people fare oorly under that? They got the same price.

Senator SMOOT. The beet people were restricted in price, and when ouisiana was allowed to sell at 18 cents they were compelled to sell at 10.50. We were compelled to pay $12 for beets, and we have got ome of that sugar on hand now not disposed of.

Mr. RUBINO. So have the Cubans. The boat the beet-sugar people re riding in is no different from the boat that the Cuban sugar eople are riding in. They are suffering just as much and just as adly. That is why I urged upon you for consideration—though t seems not to have met with ready acceptation—that presumptively n the face of it the domestic producer has not benefited at all times y this increased tariff. And in answer to the Senator's question, he price of sugar is even below the price that prevailed before the luty was put on.

Senator SMOOT. You know the reason why, of course?

Mr. RUBINO. The reason, sir——

Senator SMOOT (interposing). It has nothing to do with the duty. If the duty had not been put on it would have been just that much less.

Mr. RUBINO. The reason is the ordinary law of supply and demand; and that will occur no matter what the duty is. But in the meantime, I am trying to press home to you that a billion dollars of American ndustry is entitled at least to some measure of protection at the hands of Congress.

Senator SMOOT. Yes. But if it is entitled to some measure of protection by Congress, then it must pay its labor somewhere near what the American people pay their labor, and that it is not doing.

Mr. RUBINO. Senator, what labor does the domestic sugar indus-

try pay? Does the sugar industry employ American labor for whom we all recognize the American standard of living, or does it employ Russian labor and Japanese labor and Mexican peons? That is the testimony given before your committee that that is the kind of labor employed, and how much difference does it pay? You have heard somebody say that in Cuba perhaps a Haitian or Dominican Negro gets 70 cents a day and takes it out in store trade.

Senator SMOOT. Not 70, but 65.

Mr. RUBINO. I came from Cuba Friday. I manage three larg mills there. Our laborers are not paid any such amount, and I know of none that do.

Senator SMOOT. In the mill—the men that raise the cane, the labo that is in the field the same as we have to have the labor in our bee fields? There is not any labor that we can get at less than $3 a day

Mr. RUBINO. The reason for that is obvious, because the farmer where he happens to be an American farmer, and in the beet indus try he is a scarce commodity, finds he can get a more profitable cro if he raises corn than beets.

Senator SMOOT. That is not the question at all.

Mr. RUBINO. No; but it is a vital question. Your scientif body, the Tariff Commission, has stated that it is only in ex ceptional localities that beets can be raised economically; that all th conditions must be just right for its production. I can onl take the reports as I find them given by a body of government experts. If they are wrong, I can not be right. I take from their reports, and apparently they have the willing ear of th committee and of the House Ways and Means Committee. The are statements in the public press from time to time that you g great aid and assistance from the Tariff Commission. So I assum that that body, with no bias and with no axes to grind, is giving acc rate information, and when I make these statements to you they a made on the strength and authority of those experts.

Senator SMOOT. Let me tell you, I care nothing what the Tar Commission says. If there was a duty sufficient to protect the lab of the United States against the labor in Cuba, and the Americ people felt that that would remain on the statute books for 20 yea there is ample—yes, more than ample—ground in the United Stat to raise all of the sugar that the United States would consume a two or three times more.

Mr. RUBINO. Senator, I have heard the statement made, and have heard it said by so well informed a witness as Mr. Petrikin I think you know him?

Senator SMOOT. Very well.

Mr. RUBINO. Mr. Petrikin represents beet-sugar companies. if am correctly informed, producing about 30 per cent of the crop the country. Chairman Fordney asked Mr. Petrikin in January this year, "Mr. Petrikin, is it a fact that the United States can produ all the beet sugar that it needs to supply the sugar consumption the country?" And Mr. Petrikin's answer was this: "I wish it w so, but it is not humanly possible." He should know.

Let me give you something further——

Senator SMOOT (interposing). I can take my own State of Ut We could produce four times the amount of beet sugar—yes, t

times the amount of beet sugar that we are doing to-day if conditions were such that would justify it.

Mr. RUBINO. Exactly. What are those conditions?

Senator SMOOT. By equalizing the cost of producing the sugar in America and in Cuba; that is all.

Mr. RUBINO. Senator, may I ask you this: What makes you believe that there is a disparity in the cost between Cuba and this country?

Senator SMOOT. To-day?

Mr. RUBINO. Yes; to-day or any time?

Senator SMOOT. The amount that Cuba can produce sugar for and deliver it in New York and have it refined. The amount it costs to-day would not equal the amount that we pay for the beet itself—that is, the saccharine in the beet.

Mr. RUBINO. Let us see a minute. You know, Senator, because you are probably the best informed on sugar of any man in Congress—with all due respect to the other gentlemen—you know that the State of California can produce beet sugar much cheaper than the State of Utah, and you know that the State of Utah can produce sugar much cheaper than the State of Michigan; you know that, I am sure?

Senator SMOOT. We can not do it much cheaper.

Mr. RUBINO. As much as 2 cents a pound.

Senator SMOOT. That is not so.

Mr. RUBINO. If in the last three years of the sugar business, with the highest prices known and paid for refined sugar, why is it that the American beet industry has steadily declined in production, if it was such an easily cultivated process, and why is it that Cuba, as you just pointed out, can grow sugar in such great abundance, and if it can grow it ever so much cheaper why should the American public be made to pay the increased price for the beet sugar in order that that industry may prosper at the expense of the American industry in Cuba?

Senator SMOOT. That is bringing up the whole question of the tariff.

Mr. RUBINO. Of course, that is bringing up the whole question of the tariff.

Senator SMOOT. There is no need of discussing that with you. The committee will decide whether they want American industry or whether they want a foreign industry.

Mr. RUBINO. I take it the committee will do justice between American industries, whether it happens to operate in the United States, in Utah, Colorado, or California, or whether it operates in Cuba, 90 miles from the east coast of the United States.

Senator SMOOT. There is quite a different class of people that operate it, and quite a different pay roll that is paid, and they are just as good customers as the people of Cuba.

Mr. RUBINO. I do not say that we are better customers, but when it comes to the class of laborers I can point out to you that such experts as Mr. Petrikin and Mr. Edgar and other beet-sugar people say that they are dependent upon Mexican peons and to some extent upon Japanese. And when it comes to the Japanese, and the manu-

facture of Hawaiian sugar, which is also being protected, I read your own statement made in this committee room, where you pointed out that Japanese clerks in Hawaii were getting $18 a month in wages; and that is the industry that you were seeking to protect by this extra tariff.

Senator SMOOT. No; it is not. I will say to you that that happened under forced contract, forced upon the manufacturers and growers in Hawaii at a time when they were compelled to enter into a contract that was made, and that happened because the price of sugar rose so rapidly in the world, and as it rose so did the contract price raise. But they never would think of a contract like that in ordinary times. They could not live under it and you know they could not live under it.

Mr. RUBINO. Certainly, I agree with you. No more could they make such a contract than the beet people can make a contract for their beets, and the farmers, in whose interests so much clamor is raised, in their own interest had to come to Congress and ask an investigation at the hands of Congress to secure fair prices from the beet sugar and mill owners. You know that just as well as I do. You know the report of the commission.

Senator SMOOT. I think there is no farmer but who is well taken care of and paid $12 a ton for beets, and that meant at least $10 sugar, and I do not think that sugar sold for much more than 5 cents.

Mr. RUBINO. May I ask you, if it not an impertinent question, if the desire is to protect the beet farmers of the United States, why is the duty on beets 5 cents ad valorem against a 90 per cent duty on the price of cane sugar? Is it because the Michigan beet-mill owner might import plenty of beets from Canada?

Senator SMOOT. You know what he imports from Canada?

Mr. RUBINO. That is increasing, sir.

Senator SMOOT. It does not amount to much.

Mr. RUBINO. It is increasing. Senator McLean, you wish to ask a question?

Senator McLEAN. No; I think not.

Senator SMOOT. I will say that Mr. Petrikin will testify as to what he knows about sugar and about importations, and about the difference in cost, to-morrow, I suppose.

Senator WATSON. I want to ask you what is the difference in the cost of production of sugar in California, Utah, and Michigan? You made a statement awhile ago that according to the report of the Tariff Commission the most profitable State to grow beets in is California, by reason of climatic conditions; and they have pointed out that the difference in growing beets under well regulated, economical conditions is as high as 2 cents a pound as against Michigan and States that are in the Middle West zone.

Senator SMOOT. Senator, I want to explain what the commission did say. The commission took the mill that could produce sugar the cheapest in California and took the mill that costs the most to produce beet sugar in Michigan, and that is the difference; that is not the ordinary run of mill.

Mr. RUBINO. Senator Smoot, you may have read another report. That is not the report I had reference to. I had reference to the average produced in those two sections.

Senator SMOOT. I say that any commission that would make the atement that with $6 beets there was $2 a ton difference between alifornia on the average and Michigan on the average or Utah on ie average has never made that investigation.

Mr. RUBINO. That, sir, must be an indictment that the Tariff ommission must answer. I simply replied to Senator Watson's uestion.

RIEF OF HENRY A. RUBINO, REPRESENTING AMERICAN SUGAR INTERESTS IN CUBA.

This country now consumes annually about 4,500,000 long tons of raw sugar for fining purposes.

Of this amount there is normally produced in this country about 850,000 tons of et sugar. This sugar is produced to a great extent in factories located in the Western ates and to some extent in the Middle West. The raw beets are turned into refined gar in the same factories.

In addition, there is produced mostly in Louisiana normally about 150,000 tons of ne sugar. This is manufactured in so-called raw-sugar mills and many of them are uipped to produce refined sugar.

In the United States, therefore, about 1,000,000 tons of sugar is produced.

Our insular possessions—Porto Rico, the Hawaiian and the Philippine Islands—rmally produce, respectively, 400,000, 500,000, and 200,000 tons of cane sugar ought to the United States and refined here. Practically all of this sugar, with e exception of the Hawaiian and Philippine sugars, is refined in the Atlantic States.

The total sugar produced in our country and our insular possessions aggregates ,100,000 tons.

About 2,500,000 tons are normally secured from Cuba, concededly the largest raw-gar producing country in the world. None of the sugar produced in the United tates or in its insular possessions pays any duty.

The raw sugars from Cuba manufactured in its raw-sugar mills is brought to the nited States and practically all refined in the Atlantic States.

This sugar, by reason of a reciprocity treaty between the United States and Cuba, ays 20 per cent less duty than raw sugar coming to the United States from any other ountry.

For some years past and up to the time of the passage this year of the Fordney mergency tariff, the duty on Cuban raw sugar amounted to about 1 cent per pound. he Fordney emergency tariff increased the duty, making it 2 cents a pound, and with e differential of 20 per cent in favor of Cuban sugars, brought the duty of Cuban w sugar to 1.6 cents a pound, or six-tenths of a cent a pound higher than before.

The proposed tariff bill now under consideration proposes to continue the rate of uty enacted by the Fordney emergency tariff bill.

It is necessary in order to intelligently discuss this increase with your committee hat it shall have some idea of how the sugar produced in the United States or which aches here is sold and distributed.

BEET SUGAR.

This is generally sold in the Middle West and Western States and the manufacturing ants obtain their supply of raw beets from the territories where the plants are located d sell the refined sugar in that territory.

As the expense of cultivating and harvesting the beet seed and beets (all the good et seed has to be imported from Europe) is high, the geographical situation must e considered, as the transportation expense of the raw material and the finished roduct prevent competition too far east. Beet sugar comes in competition with cane gar only where the freight rates are not prohibitive and for that reason is rarely und east of Buffalo and Pittsburgh.

LOUISIANA CANE SUGARS.

As the climatic conditions do not favor growing cheap cane sugar in Louisiana and nsidering its geographical location, the sale of the comparatively small amount f Louisiana cane sugar is limited to the South and Southwestern States adjacent to

Louisiana. Its relatively small production can not be materially increased by re son of limited land available.

HAWAIIAN SUGARS.

Practically the entire Hawaiian raw-sugar industry is in the hands of a few inter who are also interested in what is known as the California and Hawaiian Sugar Re ing Co., located near San Francisco, Calif., and the refined sugar is mostly sold in t extreme Western States, but competes with beet sugar to the extent that inla freight rates permit it. It has apparently reached the limit of production by reas of limited land available.

PHILIPPINE SUGARS.

The relatively small quantity of Philippine sugars (about all it can produce) m to the Pacific coast, but as permitted by freight rates and the use of the Panama Can a comparatively small quantity reaches the Atlantic States refiners.

PORTO RICAN SUGARS.

This crop practically goes to the Atlantic coast refiners. It also has apparent reached the limit of production by reason of limited land available.

CUBAN SUGARS.

These sugars practically go to the Atlantic coast refiners.

As a practical proposition, therefore, our beet, Louisiana, Hawaiian, and Phil pine sugars, due to their geographical situation, leave the large eastern terri (where over one-half of the refined sugar of the United States is consumed) to t raw sugars furnished by Cuba and Porto Rico.

In the past the hearings before the Congress relating to the question of sugar affected by the tariff legislation enacted in prior years proved and it has been ge erally considered by the Congress that our own sugar production and that of o insular possessions were sufficiently protected by the duty of 1 cent per pound Cuban sugars and 1.25 cents per pound on the full-duty sugars.

The Federal Trade Commission in its "Report on the Beet Sugar Industry in t United States" (Washington, Government Printing Office, 1920) at page 16 says

"Even after the Cuban reciprocity treaty when the duty was reduced to abo $1.35 per 100 pounds the advantage (to the beet-sugar industry) was still very grea

Cuban sugars are practically sold on a parity or price basis of the free-duty sug of our insular possessions, especially Porto Rico.

The 20 per cent differential in favor of Cuba simply enabled Cuba to compete to certain extent with the full duty-paying sugars from other countries and even this a parent advantage disappeared when the full-duty sugars sold in competition w Cuban sugars and Cuban sugars in turn competed with the free-duty sugars of insular possessions.

It is only at such times when raw sugar sells at a very low price that Cuba is enab to sell its sugar in competition with the full-duty sugars, and since the enactmen the emergency tariff the full-duty sugars have successfully competed with Cub sugars.

Since the enactment of the Fordney emergency tariff, Cuban, as well as full-du sugars, have sold on a price basis equivalent to free-duty sugars and at no time has t increased tariff of six-tenths of a cent been borne by the American consumer. times refiners have purchased full-duty sugars and Cuban sugars at a slightly hig price and only where these sugars were reexported to Europe and the benefit of t drawback obtained.) The increased tariff, therefore, has in all cases been borne b the Cuban producer.

It is reasonably certain that any increased tariff will continue to be borne by t Cuban producer. That Cuba is not benefited by the differential in her favor is w known. The report of the United States Tariff Commission furnished to the Congr pursuant to section 704 of Title VII of the act of September 8, 1916, on "Reciproci and commercial treaties," clearly shows that the American price throughout the lar

part of each year was determined upon the basis of the duty on Cuban sugar and not on the full-duty sugars, and the American consumer gained all or most of the remitted duty through a corresponding reduction in the price of sugar.

The American price throughout prior years was consequently on the basis of the Cuban duty and they inured wholly to the benefit of the American consumer and up to the outbreak of the war the American consumer was gaining the whole of the benefit from preference to Cuban sugar.

The Tariff Commission reached certain general conclusions on this subject, one of which reads as follows:

"The imports into the United States from Cuba appear to reflect the influence of reciprocity to a much less significant degree than do the exports of the United States to Cuba."

Assuming therefore that any increase in the tariff on sugar is not borne by the American consumer, but by the Cuban sugar producer, the present proposed increase is opposed on the ground that it will do serious injury to the large amount of American capital invested in the sugar industry in Cuba. The proposed tariff, no matter what its avowed purpose may be, is either a tariff for revenue or a tariff to protect American industries. Whatever may be its purpose the arguments to be hereinafter advanced apply with equal force.

Assuming solely for the purpose of argument that our own sugar production and that of our insular possessions need protection, it is urged on your committee that the Cuban sugar industry, the largest in the world, is for all practical purposes an American industry and institution.

Due to changes in ownership that have been going on steadily for a number of years, and especially within the last few years, the American investor attracted by the favorable geographical and climatic conditions of Cuba, the seeming protection afforded by the various treaties between the United States and Cuba, especially the treaty of 1903, deemed himself safe in making large investments in Cuban sugar mills, lands, allied and associated industries and businesses, and the attempt has been made in this brief and its supporting exhibits to present to your committee the extent of such investments.

A careful investigation has been made and it is the belief that the data secured is reasonably accurate. It is supported in many instances by the latest balance sheets of the corporations whose data is quoted. Recourse has been had to approved and reliable financial agencies, sugar-trade agencies, those familiar with the sugar business, and officers of the corporations whose names are set forth.

Exhibits have been prepared and will be submitted with this brief which it is believed will startle and amaze your committee as to the vast extent of American capital invested in the sugar industry in Cuba. From the best sources available it appears that the securities outstanding, such as bonds, stock, etc., are widely held and distributed among investors of the United States.

Before quoting the total of these figures it may be well to point out that it appears that the aggregate amount of American capital invested in the Cuban sugar industry is far greater than the combined amount of American investments in the United States beet-sugar properties, the Louisiana sugar industry, and the sugar industries of our entire insular possessions.

It is obvious that if our sugar industries need protection, the Cuban industry, practically owned by Americans and in which the American investing public is vitally interested and involving more than the combined investment of this country's sugar industry and that of its insular possessions, is entitled to the same measure of protection.

Certainly if a 1 cent per pound duty was deemed sufficient to protect our sugar industries, now that it appears that our industry in Cuba is vastly greater, the protection to our own investment should not be increased at the expense of our industry in Cuba.

The proposed increase of six-tenths of a cent per pound, while it may afford a greater measure of protection to our own sugar industry, would ruin our industry in Cuba and utterly destroy our American investment there.

In tabulating the schedules accompanying this brief, the endeavor has been made to show.

1. The investments of companies in Cuba represented by corporations organized in the United States and including companies or sugar estates solely owned by Americans.

2. Sugar estates financed by American banking and other American interests and for all practical purposes controlled and owned by them.
3. American-owned interests located in Cuba dependent entirely or in great part upon its sugar industry.
4. American manufacturers and business houses dependent in whole or in great part upon their business with the Cuban sugar industry.
5. The investment in the beet-sugar industry of the United States.
6. The investment in the cane-sugar industry of Louisiana and Texas.
7. Investment in the cane-sugar industry of Porto Rico.
8. Investment in the cane-sugar industry of the Philippine Islands.
9. Investment in the cane-sugar industry of the Hawaiian Islands.

Schedules 5 to 9, inclusive, have been taken from such publications as "Moody's" and other well-known agencies, and where no other data was available the rating given by the commercial agencies has been taken into consideration.

Cuba's production of sugar is the largest in the world.

As the present crop is not yet completed, the crop ending in 1920 is taken as a basis for production. That crop in round numbers amounted to 3,725,000 tons and again using approximate figures the production in the mills owned and controlled by American capital amounted to 2,500,000 tons or about 67 per cent. It appears, therefore, that with a production of more than two-thirds owned by American capital in Cuba, this production exceeds the entire production of the beet sugar and cane sugar industry of the United States and its insular possessions.

Or to state it more definitely, the amount of Cuban cane sugar annually consumed in the United States is furnished entirely by American capital.

When we come to the amount of money involved, the figures are even more startling. Over $1,000,000,000 appears to be invested in Cuban sugar mills and its allied business dependent upon sugar. The combined investment of the beet-sugar industry of the United States, its cane sugar and its insular possessions, aggregates $545,000,000.

A brief summary of these investments is as follows:

CUBA.

Sugar mills and estates owned by Americans	$621, 219, 766
Sugar estates controlled by Americans by reason of their being financed by Americans	125, 000, 000
Investments in Cuba owned by Americans dependent entirely upon the sugar business	156, 250, 000
Amounts due Americans for machinery, merchandise, and supplies and secured in part by equipment trusts, etc	128, 600, 000
Total	1,031, 069, 766
Beet-sugar industry in the United States	172, 610, 022
Cane-sugar industry in the United States	32, 828, 407
Cane-sugar industry in Porto Rico	59, 708, 527
Cane-sugar industry in the Hawaiian Islands	208, 911, 520
Cane-sugar industry in the Philippine Islands	71, 200, 000
Total	545, 258, 476

These figures speak for themselves. The proposed permanent increase is 60 per cent higher than the present tariff, a very considerable increase (this is after the differential of 20 per cent is taken into consideration). In dollars and cents and as a revenue measure it means $35,000,000 more to the Treasury of the United States.

We will presently show the ruinous result to the American investment in Cuba, an industry of over $1,000,000,000 is at stake and has its existence threatened by a tariff which will yield $35,000,000. But it is by no means certain that it will mean $35,000,000 to the United States and for these reasons:

If the basis of our belief that this increased tariff will ruin the American investment in Cuba is correct, it will also ruin the Cuban investment in sugar and this will certainly result in a vast reduction of the sugar production in Cuba.

The imports of sugar into the United States from Cuba will be correspondingly less and the United States will not be able to fill the national sugar bowl, because if Cuba, with the differential in her favor, can not produce sugar, then the full duty sugars can not be produced, and this country and our insular possessions do not furnish half the amount of sugar needed in the United States. (The full duty sugars are not sufficient in volume to make up the difference.)

The imports into the United States are, of course, problematical, but it will be considerably less than the $35,000,000 expected besides jeopardizing the $50,000,000 no obtained from the present duty. In other words the decreased imports are not likely o realize any duties to the United States more than is being at present realized and if this be true an investment of $1,000,000,000 of American capital has been ruined or ruined to a great extent in the hope that a revenue will be produced.

The American companies that now operate in Cuba have and expect to continue to pay large taxes to the United States, both in the shape of corporate taxes and income taxes. To ruin this industry or cripple it will deprive the United States of obtaining these taxes to a far greater extent than the amount of revenue expected to be obtained through the tariff increase. Our own sugars produced in this country and our insular possessions pay no duty and furnish no revenue to the Government in the sense of a duty equivalent to the tariff; therefore is it fair to the American investment in the sugar industry in Cuba to cause a duty to be paid due solely to the mere fact that Cuba is classed as a foreign country?

Cuba was originally a Spanish possession, the same as Porto Rico and the Philippine Islands. At the successful termination of the war with Spain we acquired by purchase the Philippine Islands and Porto Rico was ceded and they became part of the United States.

Cuba was granted independence. The United States looked with approval on the effort of the Cubans to establish an independent from of government. Cuba was granted full, free, and independent government (except as limited by the Platt amendment) by the approval of the United States. The entire industry of Cuba revolves around sugar; it is its life, it is its main artery; cripple or ruin it and the entire economic life of Cuba is at an end.

While granted independence, the two other sugar-producing countries, the Philippine Islands and Porto Rico, gained measurably more by becoming a part of the United States, as their sugars came in free.

Cuban sugars pay a duty. Our unselfishness in granting Cuba independence should not be made a sham independence, if her main article of livelihood is taxed merely under the guise of being a foreign country. It must pay a duty on its principal and practically sole commodity, especially when it appears that that commodity for all practical purposes is owned by Americans and American capital.

Nor will any of our own industries engaged in the sugar business be affected. Prior to the admission of the Hawaiian Islands it was claimed by our beet-sugar industry that ruin would stare it in the face if these sugars were admitted duty free. That ruin has not taken place, but the beet-sugar industry has been more prosperous than before. When the Philippine Islands and Porto Rico were admitted, the same claim of ruin was advanced, and again it did not happen. When Cuba was granted a 20 per cent differential under the reciprocity treaty, the claim was again urged not only by the beet-sugar industry but this time by the Porto Rico and Philippine sugar interests, but again it did not happen. These interests went on and prospered just the same. But there is a limit to the amount of duty which can be exacted, and the proposed tariff would be ruinous to the American interests in Cuba as well as Cuba itself, for the following reasons:

For many years and up to the time of the World War the sales price of Cuban sugars was around 2 cents a pound. The United States Equalization Board bought the Cuban crops of 1917–18 and 1918–19 at a fixed price. These years are no criterion, and the conditions which existed in 1919–20 after the armistice, when prices of all commodities increased to unheard-of levels, furnished no comparison; but this year we find that the price of Cuban sugar is down to approximately 2 cents a pound in Cuba.

The proposed duty amounts to nearly as much as it costs to produce a bag of sugar. When sugar was selling in Cuba at 2 cents a pound prior to the war, it was generally conceded that a well managed mill could earn about one-third of a cent a pound, depending upon its location, the condition of its cane, and its milling machinery.

At present, that is during this year, at the price of 2 cents a pound for raw sugar in Cuba no such profit could be made for the very obvious reason that the price of production has increased enormously and is not yet back to prewar levels. As a result practically all the sugar mills in Cuba operated this year at a very large loss. And on top of this they have been compelled to stand, as previously shown, the loss entailed by the increased Fordney tariff which it is proposed to perpetuate.

If without this increased tariff a loss was had, it needs no citation of figures or extended argument to show that the loss would be so much greater by reason of having to stand the increased tariff. It simply will mean the inability to continue the in-

dustry and even if the cost of manufacturing is reduced to prewar levels, it will not compensate for the increased tariff but the loss will be simply lessened.

It is only by the exercise of the strictest efficiency and modern economic methods without the burden of the increased tariff that the American investment in Cuba can be safeguarded to a point where it will not be obliterated and an extremely small profit obtained.

For these reasons your committee is requested to give serious heed and thought to the gravity of the situation and to at all times realize that in its final analysis this increased tariff solely affects Cuba because the other full duty paying sugars play but a small part in our consumption and that it is mainly American capital in Cuba that is being penalized and its very existence seriously threatened.

It will be for others to point out additional reasons in opposition to the proposed tariff.

This brief is not concerned with the Cuban point of view, however urgent and meritorious it may be, it is concerned solely with American industry operated in Cuba with a belief that it should have the ample protection which this country seems to have extended by its treatment of Cuba and its treaties, and the protection the other American sugar industries now obtain.

(1) *American companies operating sugar mills in Cuba which are owned or controlled by Americans.*

Name of company.	Sugar mills operated.	Production, 1920 crop (bags).	Stocks, bonds, and other securities outstanding.	Total assets.	Acreage of land in Cuba owned or controlled.
Cuba Cane Sugar Corporation (New York corporation).	Mercedes	336,581			
Do	Socorro	259,031			
Do	Conchita	212,524			
Do	Feliz	108,001			
Do	Alava	289,654			
Do	St. Gertrudis	195,031			
Do	Soledad	125,182			
Do	Perseverancia	123,665	$80,000,000.00	$124,000,000.00	747,[illegible]
Do	Lequeito	98,536			
Do	Maria Victoria	110,502			
Do	La Julia	192,534			
Do	San Ignacio	79,278			
Do	Lugareno	204,972			
Do	Moron	611,031			
Do	Stewart	447,684			
Do	Jagueyal	371,609			
Do	Violeta	184,208			
The Cuban-American Sugar Co. (New Jersey corporation):					
Cuban corporations—					
Tinguaro Sugar Co	Tinguaro	250,920	7,000,000.00	7,000,000.00	31,[illegible]
Colonial Sugar Co	Constancia	126,171	8,983,044.00	8,983,044.00	65,[illegible]
Mercedita Sugar Co	Mercedita	115,577	3,500,000.00	3,500,000.00	22,41[illegible]
San Manuel Sugar Co	Delicias	578,738	8,300,000.00	8,300,000.00	129,[illegible]
Chaparra Sugar Co	Chaparra	420,876	23,300,000.00	23,300,000.00	217,[illegible]
Unidad Sugar Co	Unidad	83,338	3,000,000.00	3,000,000.00	2,[illegible]
Francisco Sugar Co. (New Jersey corporation).	Francisco	345,667	5,667,800.00	15,981,988.26	101,[illegible]
Do	Elia	136,618	2,100,000.00	5,292,513.87	65,[illegible]
Manati Sugar Co. (New York corporation).	Manati	373,150	14,500,000.00	21,500,000.00	276,[illegible]
Tuinicu Sugar Co. (New York corporation), (operating company, Cia. Azuc. Tuinicu, Cuban corporation).	Tuinicu	255,522	2,054,000.00	5,093,040.78	17,[illegible]
Do			1,000,000.00	3,081,934.58	
Tacajo Sugar Co. (New York corporation).	Tacajo	143,924	5,900,000.00	9,346,629.94	25,1[illegible]
Washington Sugar Co. (New York corporation).	Washington	160,691	600,000.00	1,373,090.61	12,[illegible]

American companies operating sugar mills in Cuba which are owned or controlled by Americans—Continued.

Name of company.	Sugar mills operated.	Production, 1920 crop (bags).	Stocks, bonds, and other securities outstanding.	Total assets.	Acreage of land in Cuba owned or controlled.
unta Alegra Sugar Co. (Delaware corporation).	Punta Alegra	284,566	$12,014,550.00	$30,345,422.00	196,226
Do.	Florida	258,462			
Do.	Trinidad	80,592			
n Augustin Sugar Co. (Cuban corporation owned by Americans).	San Augustin	125,000	8,000,000.00	8,200,000.00	25,000
oledad Sugar Co. (Cuban corporation owned by Americans).	Soledad	106,603	500,000.00	3,000,000.00	20,000
aracas Sugar Co. (Cuban corporation owned by Americans).	Caracas	179,741	4,250,000.00	8,900,000.00	25,000
. J. Peterson (American owned).	San Ramon	94,322	1,500,000.00	3,000,000.00	20,000
rmita Sugar Co. (American corporation).	Ermita	122,997	1,950,000.00	2,500,000.00	25,000
uantanamo Sugar Co. (New Jersey corporation).	Soledad	111,645			
Do.	Isabel	59,908	12,870,247.00	12,870,247.00	57,547
Do.	Las Canos	69,513			
a. Azuc. Andres Gomez Mena (Cuban corporation owned by Americans).	Gomez Mena	330,179			
Do.	Amistad	220,000	12,200,000.00	29,884,304.08	100,000
Miranda Sugar Co. (Cuban corporation owned by Americans).	Miranda	136,041			
Do.	Palmarito	27,697	6,786,601.60	20,728,493.35	100,000
United Fruit Co. (New Jersey corporation).	Boston	479,671			
Do.	Preston	353,983		42,000,000.00	350,000
American Sugar Refining Co. (Central Cunagua) (New Jersey corporation).	Cunagua	553,121			
Do.	Jaranu		15,000,000.00	30,000,000.00	300,000
Hershey Corporation (owned by Hershey Corporation, Delaware corporation).	Rosario	216,359		11,500,000.00	100,000
Do.	Hershey	104,355			50,000
Compania Cubana (Cuban corporation owned by Americans).	Jatibonico	136,231			
Do.	Jobabo	323,947	14,500,000.00	18,303,354.33	220,591
Santa Ana Sugar Co. (Cuban corporation owned by Americans).	Hatillo	96,117			
Do.	Santa Ana	59,389	14,900,000.00	14,900,000.00	33,200
Palma Soriano Sugar Co. (Cuban corporation owned by Americans).	Palma	245,338	12,400,000.00	12,400,000.00	33,057
Central Alto Cedro Sugar Co. (Cuban corporation owned by Americans).	Alto Cedro	214,767	8,100,000.00	8,100,000.00	24,333
Central Cupey Co. (Cuban corporation owned by Americans).	Cupey	112,608	6,700,000.00	6,700,000.00	46,334
New Niquero Sugar Co. (New York corporation).	New Niquero	169,030	5,158,223.00	5,158,223.00	57,500
Central Cuba Sugar Co. (New Jersey corporation).	Cuba	145,657			
Do.	Flora	70,769	9,400,000.00	13,500,000.00	20,000
Do.	Saratoga	51,992			
Atlantic Fruit Co. (Delaware corporation).	Cayo Mambi		15,000,000.00	15,000,000.00	125,000
George W. Loft (American owned).	Dulce Nombre				
Do.	De Jesus (Loft)	49,300	650,000.00	3,500,000.00	20,000
Baraqua Sugar Co. (Delaware corporation).	Baraqua	412,063	[1] 3,525,000.00	8,258,000.00	83,000
North American Sugar Co. (New Jersey Corporation).	Narcisa	242,212	6,000,000.00	9,000,000.00	7,467
Santa Cecilia Sugar Corporation (Delaware corporation)	Santa Cecilia	56,905	3,250,000.00	4,217,507.00	10,600
Cape Cruz Sugar Co.	Cape Cruz	101,748	1,250,000.00	3,000,000.00	10,000

[1] Also 85,250 shares, no par value.

(1) *American companies operating sugar mills in Cuba which are owned or contro[illegible] Americans*—Continued.

Name of company.	Sugar mills operated.	Production, 1920 crop (bags).	Stocks, bonds, and other securities outstanding.	Total assets.	[illegible]
Matanzas American Sugar Co. (Delaware corporation).	Jesus Maria	100,025	$2,500,000.00	$2,900,000.00	[illegible]
Central Teresa Sugar Co. (Maryland corporation).	Central Teresa	192,001	3,500,000.00	5,250,000.00	[illegible]
Central Sugar Corporation (New York corporation).	Central Fe	190,968	4,600,000.00	6,200,000.00	[illegible]
Cuban Sugar Mills Co	La Francia	75,423	1,500,000.00	2,500,000.00	[illegible]
Peterson, Barker & Hill	Gerado	40,010	(1)	1,500,000.00	[illegible]
C. A. Central Havanna	Habana	87,267	(1)	3,500,000.00	[illegible]
Central Armonia Co	Armonia	67,964	(1)	2,500,000.00	[illegible]
Hires Sugar Co	Dos Rosas	52,660	(1)	2,000,000.00	[illegible]
La Paz Sugar Co	Por Fueza	71,171	(1)	2,750,000.00	[illegible]
Constancia Sugar Co	Constancia	137,836	(1)	5,000,000.00	[illegible]
Hormiguero Sugar Co	Hormiguero	216,200	(1)	7,500,000.00	[illegible]
Sta C. Sugar Co	Juragua	36,542	(1)	1,200,000.00	[illegible]
Santa Lucia Sugar Co	Santa Lucia	254,006	(1)	8,000,000.00	[illegible]
Santa Maria Sugar Co	Santa Maria	44,048	(1)	1,750,000.00	[illegible]
Cuban Sugar Refining Co			2,026,575.00	2,026,575.00	[illegible]
Cia. Azuc. San Vicente	San Vicente	79,771	580,300.00	1,925,403.17	[illegible]
Total		14,990,025	356,516,340.00	621,219,766.00	4,4[illegible]

[1] Based on production basis.

(2) *Sugar estates financed by American banking and other institutions and practi[illegible] controlled by them.*

[Production, 1920 crop.]

	Bag[illegible]
Central Mascota (San Lino)	[illegible]
Central Parque Alto	[illegible]
Central Dos Hermanos (Cienfuegos)	[illegible]
Central Canarias (San Jerman)	[illegible]
Central Agramonte (Vertientes Sugar Co.)	[illegible]
Central Vertientes (Vertientes Sugar Co.)	
Central Andorra (Cia. Azuc. Andorra)	[illegible]
Central Araujo (Cia. Azuc. Araujo)	[illegible]
Central Estrella (Cia. Azuc. Estrella)	[illegible]
Central El Pilar (Cia. Azuc. Pilar)	[illegible]
Central Lutgardita (Sagua Sugar Co.)	[illegible]
Central San Isidro (Sagua Sugar Co.)	[illegible]
Central Sta. Rosa (Sagua Sugar Co.)	[illegible]
Central Progresso (Laurentino Garcia)	[illegible]
Central Sta. Amalia (Laurentino Garcia)	[illegible]
Central San Cristobal (Calcavecchia)	[illegible]
Central San Cristobal (Cia. Azuc. San Cristobal)	[illegible]
Central Triunfo (Juan Menendez)	[illegible]
Central Sta. Rita (Cia. Azuc. Caobillas)	[illegible]
Central San Antonio (Vicente G. Abreu)	[illegible]
Central Orozco (Cia. Orozco)	[illegible]
Central Santo Tomas (Cia. Azuc. Sto. Tomas)	[illegible]
Central Tamona	[illegible]
Central Fajardo	[illegible]
Central Nombre de Dios	[illegible]
Central Union	[illegible]
Central Espana	[illegible]
Central Altamira	[illegible]
Central Fidencia	[illegible]
Central Pastora	[illegible]
Total	3,12[illegible]

(3) *American-owned interests located in Cuba dependent entirely or in great part upon its sugar industry.*

Cuba Railroad (this company runs through the section where most of the mills are located and is entirely dependent upon the sugar mills both in the hauling of cane to the mills, the taking of the finished sugar to the ports, and the hauling of merchandise and supplies to and from the mills)	$65,800,000
Cuba Co	26,150,000
American Steel Car Co. of Cuba	5,000,000
Munson Steamship Co	500,000
New York & Cuba Mail Steamship Co	3,500,000
Cuba Distilling Co. (engaged in the carrying of molasses from sugar mills, including box cars, tank cars, etc., etc.)	30,000,000
Independent warehouses	300,000
Baldwin Locomotive Co	3,000,000
American Locomotive Co	2,000,000
International General Electric Co	20,000,000
Total	156,250,000

(4) *Amounts due Americans for machinery, merchandise, and supplies secured in part by liens, etc.*

Fulton Iron Works	$2,500,000
Reading Iron Works	350,000
Fox Bros. & Co	750,000
Various manufacturers, etc., holding commercial paper of sugar mills and other securities and held by American banks	125,000,000
Total	128,600,000

(5) *United States beet-sugar factories.*

Name.	Refineries operated.	Common stock.	Preferred.	Bonds.	Total securities issued.	Outstanding capital and surplus.
…meda Sugar Co	Alvardo, Tracy, Calif	$1,500,000		$600,000	$2,100,000	$2,543,130
…lgamated Sugar Co.	Ogden, Logan, Cornish, Smithfield, Lewiston, Utah; Berley, Paul, Twin Falls, Idaho.	25,000,000	$5,000,000		11,824,400	14,100,440
…erican Beet Sugar Co.	Oxnard, Chino, Calif; Grand Island, Nebr.; Rocky Ford, Lamar, Las Animas, Colo.	15,000,000	5,000,000		20,000,000	25,346,362
…inental Sugar Co	Blissfield, Mich.; Findlay, Fremont, Ohio.	5,000,000			2,480,600	3,481,024
…at Western Sugar Co.	Loveland, Eaton, Greeley, Windsor, Longmont, Fort Collins, Sterling, Brush, Fort Morgan, Brighton, Colo.; Billings, Missoula, Mont.; Gering, Scottsbluff, Boyance, Nebr.; Lovell, Wyo.	15,000,000	15,000,000		28,630,000	28,630,000
…a Sugar Co	Waverly, Iowa	550,000			550,000	550,000
…higan Sugar Co	Detroit, Caro, Bay City, Sebewaing, Saginaw, Alma, Criswell, Mich.; Toledo, Ohio.	7,500,000	5,000,000		11,174,600	14,152,606
…nitou Sugar Co	Bay City, Mount Pleasant, Mich.; Paulding, Ohio.	3,000,000			3,000,000	3,910,591
…and St. Louis Sugar Co.	Holland, St. Louis, Mich.; Decatur, Ind.	2,000,000	800,000	86,700	2,212,540	2,643,120
…Sugar Corpora-…	Swink, Colo.; Huntington Beach, Calif.; Sheridan, Wyo.; Santa Ana, Calif.; Phoenix, Ariz.; Delta, Colo.	290,000	3,700,000		3,990,000	6,315,039

(5) *United States beet-sugar factories*—Continued.

Name.	Refineries operated.	Common stock.	Preferred.	Bonds.	Total securities issued.	Outstanding capital and surplus.
Utah-Idaho Sugar Co.	15 factories—Utah, Idaho, Washington.	$30,000,000	....	$8,000,000	$31,730,000	$24,698,27
Los Alamitos Sugar Co. (Inc.).	Los Alamitos, Calif.	1,000,000		....	1,000,000	1,000,00
Menominee River Sugar Co.	Menominee, Mich.	825,000	....	....	825,000	825,00
Minnesota Sugar Co.	Chaska, Minn.	1,200,000	$600,000	....	1,210,250	1,210,25
Northern Sugar Corporation.	Mason City, Iowa.	....	1,600,000	....	1,600,000	1,550,00
Peoples Sugar Co.	Utah.	18,125	1,000,000	....	828,296	853,8
Union Sugar Co.	Betteravia, Calif.	3,000,000	....	....	2,530,000	3,739,7
Spreckles Sugar Refining Co.	California.	5,000,000	....	....	5,000,000	5,000,00
Anaheim Sugar Co.	Anaheim, Calif.	547,800	....	300,000	847,800	1,468,0
Total.	....	....	....	....	....	142,017,7

Estimated worth of United States beet-sugar factories based on capitalization.

	Capital
Ohio Sugar Co., Ottawa, Ohio	$400,0
West Bay City Sugar Co., Bay City, Mich	200,0
Independent Sugar Co., Marine City, Mich	750,0
Mount Clemens Sugar Co., Mount Clemens, Mich	600,0
Owosso Sugar Co., Owosso, Mich	1,895,0
Chippewa Sugar Refining Co., Chippewa Falls, Wis	500,0
United States Sugar Co., Madison, Wis	700,0
Rock County Co., Janesville, Wis	800,0
Green Bay Sugar Co., Green Bay, Wis	1,000,0
Iowa Valley Sugar Co., Belmond, Iowa	1,100,0
Garden City Sugar Co., Garden City, Kans	2,677,
National Sugar Manufacturing Co., Sugar City, Colo	750,0
Wyoming Sugar Co., Worland, Wyo	1,000,0
Layton Sugar Co., Layton, Utah	1,000,0
Beet Growers Sugar Co., Rigby, Idaho	3,000,0
Gunnison Valley Sugar Co., Salt Lake City, Utah	1,325,0
Hooper Sugar Co., Ogden, Utah	1,000,0
Idaho Cooperative Beet Sugar Co., Twin Falls, Idaho	4,500,0
Sacramento Valley Sugar Co., Los Angeles, Calif	2,210,0
Santa Ana Sugar Co., Denver, Colo	596,
Sheridan Sugar Co., Denver, Colo	730,0
Southern California Sugar Co., Denver, Colo	500,0
Springville-Mapleton Sugar Co., Provo, Utah	900,0
Toledo Sugar Co., Detroit, Mich	458,8
West Cache Sugar Co., Salt Lake City, Utah	1,000,0
Wisconsin Sugar Co., Menominee, Wis	1,000,0
Total	30,592,

(6) *Louisiana and Texas cane-sugar operators—Capital and net worth based on mercan ratings.*

R. C. Martin Sons (Inc.), Albemarle	$50,
W. I. Haas, Alexandria	750,
Clarence C. Barten, Avoca	200,
Oakley Sugar Co., Avoca	125,
J. M. Pharr & Sons (Ltd.), Berwick	750,
Billeaud Sugar Factory, Broussard	200,
Shirley Co. (Inc.), Bunkie	125,
Smedes Bros. (Inc.), Cade	300,
Shadyside Co. (Ltd.), Calumet	300,
Oscar Zenor, Calumet	300,

'enterville Co., Centerville	$35,000
Ioreira, Lehwan & Moreira, Centerville	200,000
Iymel Bros. & Co., Central	50,000
)evall Planting Co., Chamberlain	200,000
'oungsville Sugar Factory (Ltd.), Youngsville	200,000
.. N. Folse, White Castle	150,000
fary & Tuma, Washington	35,000
ougy Planting Co., Wallace	50,000
Vebre Steit Co. (Ltd.), Vacherie	75,000
'nion Planting & Manufacturing Co., Union	75,000
Vaverly Sugar Manufacturing Co. (Ltd.), Thebodaux	200,000
loth & Legarde Sugar Planters, Thebodaux	50,000
lobichaux & Roger, Thebodaux	500,000
Crnest Roger Co. (Ltd.), Thebodaux	150,000
Irs. Andrae Price, Thebadoux	500,000
.evert-Morvant Planting Co., Thebodaux	200,000
.agard Cleophas Co. (Ltd.), Thebodaux	300,000
:. G. Robichaux Co. (Ltd.), Tallieu	200,000
llanchard Planting Co. (Ltd.), Tallieu	100,000
Vaguespach & Haydel, St. Patrick	100,000
)ctave Roussel, St. Amelia	35,000
loussel Bros. & Co., St. Amelia	20,000
iraynard Bros., St. Amelia	200,000
tark Bros., Rosedale	150,000
.ongview Sugar Co., Remy	200,000
aire & Grangnard, Edgard	500,000
l. W. Cocke, Ellindale	200,000
Id McCollam, Ellindale	200,000
IcCollam Bros., Ellindale	300,000
IcCollam & Cocke, Ellindale	300,000
D. Shaffer, Ellindale	200,000
Irath Sugar Co., Erath	200,000
outh Bend Sugar Factory, Foster	35,000
lelleview Plantation Co., Franklin	200,000
'orster & Forster, Franklin	200,000
'ranklin Sugar Manufacturing Co., Franklin	125,000
)ak Bluff Planting & Manufacturing Co. (Ltd.), Franklin	125,000
larrow & Duplantis, Houma	300,000
Ienry C. Minor	500,000
)aklawn Sugar Co. (Ltd.), Irish Bend	500,000
'oplar Grove Planting & Refining Co., Port Allen	500,000
leorge Hill, Port Allen	500,000
:. J. Gay Planting & Manufacturing Co. (Ltd.), Plaquemine	400,000
I. A. Patoute & Sons (Ltd.), Patouteville	400,000
)uras & Le Blanc (Ltd.), Paincourtville	500,000
. N. Pharr & Sons (Ltd.), Oliver	1,000,000
'ourche La Lower Planting & Manufacturing Co., Norah	200,000
Vestover Planting Co. (Ltd.), New Orleans	100,000
hadyside Co. (Ltd.), New Orleans	400,000
Iiles Planting & Manufacturing Co., New Orleans	500,000
Villiam Henderson, New Orleans	1,000,000
. N. Burguieres Co. (Ltd.), New Orleans	1,000,000
lenwood Planting Co. (Inc.), Napoleonville	150,000
'. Waguespack & Co. (Inc.), Mount Airy	150,000
ohn J. Shaffer, Minerva	150,000
lartin J. Kahas, Lonewa	500,000
atherine Planting & Manufacturing Co., Lonewa	250,000
raugnard & Reynaud, Lions	400,000
evert-St. John (Inc.), Levert	1,000,000
larker & Lepine, La Fourche	500,000
abby & Blouin (Ltd.), La Fourche	300,000
odchaux, Louisiana	11,623,407
lrcola Sugar Mills Co., Texas	1,020,000
Total	32,828,407

(7) *Porto Rico sugar factories.*

Name.	Refineries operated.	Common stock.	Preferred.	Bonds.	Total securities issued.	Outstanding capital and surplus.
Carmen Centrale (acreage, 10,000; capacity, 800 tons daily).	Vega Alta, P. R.			$600,000		$600,[illegible]
Central Aguirre Sugar Co.	Jobos, P. R.	$4,000,000			$4,000,000	6,37[illegible]
Fajardo Sugar Co (produced, 1919, 54,682 tons).	Fajardo, P. R.	7,000,000	$1,500,000		8,500,000	5,76[illegible]
South Porto Rico Sugar Co. (produced, 1920, 90,000 tons).	Central Romaua, Guanica Central, P. R.	1,250,000	5,000,000		10,602,800	17,74[illegible]
Total						30,4[illegible]

Porto Rico sugar factories—Production figures for 1919; no data available regar[illegible] capitalization.

	Tons.
Central Cambalache Co., Arecibo	11 [illegible]
Yabucoa Sugar Co., Yabucoa	12,4[illegible]
Plazuela Sugar Co., Barceloneta	11,7[illegible]
Juncos Central Co., Juncos	13,1[illegible]
Loiza Sugar Co., Loiza	15,1[illegible]
West Porto Rico Sugar Co., Aguada	10,0[illegible]
Rubert Hermanos, Vega Baja	10,3[illegible]
Central Pasto Viejo (Inc.), Humacao	9,6[illegible]
Central Fortuna (Inc.), Ponce	
St. Anonime Suc. de St. Jean, Caguas	7,0[illegible]
New Corsica Central Co., Rincon	7,[illegible]
Sta. Isabel Sugar Co., Santa Isabel	8,[illegible]
Azuc. Central Machete, Guyama	9,[illegible]
Vannina Central Co., Rio Piedras	11,[illegible]
Suc. de J. Serralles, Ponce	8,[illegible]
Sucrs. C. y J. Fantauzzi, Arroyo	13,[illegible]
Ramon Valdes, Suc., Mayaguez	3,[illegible]
Mario Mercado e Hijos, Guayanilla	6,[illegible]
Comp. Azuc. del Toa, Toa Baja	6,[illegible]
Benitez Sugar Co., Vieques	[illegible]
Mayaguez Sugar Co., Mayaguez	4,[illegible]
Fantauzzi Verges y Co., Maunabo	5,[illegible]
Federico Calaf, Manati	3,[illegible]
Central Juanita (Inc.), Bayamon	7,[illegible]
Central Los Canos, Arecibo	4,[illegible]
Comp. Azuc. de Carolina, Carolina	5,[illegible]
Comp. Azuc. El Ejemplo, Humacao	3,[illegible]
Gustavo Cabrera, Juana Diaz	5,[illegible]
Central Eureka (Inc.), Hormigueros	3,[illegible]
Suc. de Enrique Bird Arias, Vieques	6,[illegible]
Cayey Sugar Co., Cayey	2,[illegible]
Providencia Central Co., Patillas	
Central Alianza (Inc.), Camuy	1,[illegible]
Lluberas y Sobrinos, Guayanilla	2,[illegible]
Sauri y Subira, Ponce	1,[illegible]
Plata Sugar Co., San Sebastian	1,4[illegible]
Garzot & Guertes (Inc.), Naguabo	3,[illegible]
Soller Sugar Co., Camuy	1,[illegible]
Total	252,[illegible]

(8) ***Philippine Islands sugar factories.***

Name, Calamba Sugar Estate.
Refineries operated, Canlubang, island of Luzon.
Common stock, $5,000,000.
Preferred stock, $2,000,000.
Bonds, $1,224,000.
Total securities issued, $6,995,900.

Outstanding capital and surplus, $4,972,125.
No data available regarding capitalization.
The 31 mills here listed have a daily capacity of 18,725 tons of cane·
- Island of Negros—
  - Esteban de la Rama, Talisay.
  - Esteban de la Rama, Bago.
  - Urquijo & Co , Capiz.
  - Gomez Bros., La Castellana.
  - San Carlos Milling Co., San Carlos.
  - Juan Vidaurrazaga, Kabankalan.
  - Lizarraga Hermanos, Kabankalan.
  - Espiridion Guanco, Hinigaran.
  - Salvador Serra, Ilog.
  - Camansi Ph. Co., Isabela.
  - Miguel Osorio, Manapla.
  - Jose de la Vina, Valle Hermoso.
  - Central Azucarera de la Carlota, La Carlota.
  - Central Azucarera de Bais, Bais.
  - Isabela Sugar Co., Isabela.
  - Hawaiian-Philippine Co., Silay.
  - Maao Sugar Central Co., Maao.
  - Talisay-Silay Milling Co , Talisay.
  - Bacolod-Murcia Sugar Co., Bacolod.
- Island of Mindoro—
  - Mindoro Sugar Co., San Jose.
- Island of Luzon—
  - St. Louis Oriental Co., Salasa, Pangasinan.
  - Muntinlupa Sugar Co , Muntinlupa, Rizal.
  - Smith, Bell & Co., Floridablanca, Dinalupihan, Bataan.
  - Heirs of P. Roxas, Calatagan, Batangas.
  - Catholic Church, Calamba, Laguna.
  - Heirs of Pedro Roxas, Nasugbu, Batangas.
  - Bernia Sugar Co., Floridablanca
  - Pacific Development Co., Carmen, Pampanga.
  - Pacific Development Co., Bacolor, Pampanga.
- Island of Bohol—
  - Tubigan sugar factory, Tubigan.

(9) *Hawaiian cane-sugar factories.*

Name.	Refineries operated.	Common stock.	Preferred	Bonds.	Total securities issued.	Outstanding capital and surplus.
Haiku Sugar Co.	Hawaii	$1,500,000			$1,500,000	$1,688,722
Hawaiian Sugar Co.	do	3,000,000			3,000,000	5,398,332
Honokaa Sugar Co.	do	2,000,000		$600,000	2,600,000	2,911,696
Honolulu Plantation Co.	do	5,000,000			5,000,000	7,267,287
Honomu Sugar Co.	do	750,000			750,000	1,442,828
Hutchinson Sugar Plantation Co.	do	1,500,000			1,500,000	1,916,424
Kahuku Plantation Co.	do	1,000,000			00,000	2,158,924
Kekaha Sugar Co. (Ltd.)	do	1,500,000			00,000	3,020,044
K[illegible] Agriculture Co.	do	4,900,000			00,000	11,312,888
Kilauea Sugar Plantation Co.	do	1,000,000			00,000	1,108,788
K[illegible] Sugar Co	do	1,000,000			00,000	1,903,261
McBryde Sugar Co.	do	2,800,000	$600,000	933,600	33,600	6,329,232
American Factors (Ltd.)	do	6,000,000			00,000	9,993,316
Oahu Sugar Co. (Ltd.)	do	6,000,000		587,500	89,500	10,078,518
Olaa Sugar Co. (Ltd.)	do	5,000,000		2,271,000	49,720	9,131,187
Onomea Sugar Co.	do	2,000,000			00,000	2,725,255
Paauhau Sugar Plantation Co.	do	2,000,000			00,000	2,102,394
Pacific Sugar Mill	do	850,000			50,000	1,369,185
Paia Plantation	do	2,250,000			50,000	2,525,954
Pepeekeo Sugar Co.	do	750,000			50,000	1,773,561
Wailuku Sugar Co.	do	5,000,000			00,000	9,352,837
Alexander & Baldwin (Ltd.)	do	7,500,000			00,000	10,953,604
Brewer & Co (Ltd)	do	3,000,000			00,000	8,979,289
Ewa Plantation Co.	do	5,000,000			00,000	10,543,990
Hawaiian Agriculture Co.	do	2,000,000			00,000	2,901,486
Hawaiian Commercial & Sugar Co.	do	10,000,000			00,000	15,637,456
Lihue Plantation Co. (Ltd.)	do	3,000,000			3,000,000	5,404,533
Pioneer Mill Co. (Ltd.)	do	5,000,000			5,000,000	6,739,627
San Carlos Mill Co. (Ltd.)	do	1,200,000			1,200,000	1,458,896
Waialua Agriculture Co. (Ltd.)	do	5,000,000			5,000,000	11,504,616
Total						169,634,020

Hawaiian cane-sugar factories—Production figures for 1918; no data available regarding capitalization.

	Tons.
Hawaii:	
Waiakea Mill Co., Hilo	8,250
Hilo Sugar Co., Hilo	12,834
Hawaii Mill Co. (Ltd.), Hilo	2,203
Hakalau Plantation Co., Hilo	14,369
Laupahoehoe Sugar Co., Laupahoehoe	14,626
Kaiwiki Sugar Co. (Ltd.), Cokala	4,625
Hamakua Mill Co., Hamakua	5,873
Niulii Mill & Plantation Co., Kohala	2,102
Halawa Plantation, Kohala	1,310
Kohaala Sugar Co., Kohala	4,349
Union Mill Co., Kohala	1,169
Hawaii Mill & Plantation, Kohala	3,690
Puakua Plantation, Kohala	690
Kona Development Co. (Ltd.), Kona	5,645
Island of Maui:	
Olowalu Co., Olawlu	2,000
Kaelku Plantation Co. (Ltd.), Hana	6,512
Kipahulu Sugar Co., Kipahulu	1,240
Oahu:	
Opokaa Sugar Co. (Ltd.), Ewa	690
Waianas Co., Waianae	5,815
Laie Plantation, Laie	1,891
Koolau Agriculture Co. (Ltd.), Koolau	1,484
Waimanalo Sugar Co., Waimanalo	5,303
Kauai:	
Grove Farm Plantation, Nawiliwili	3,790
Gay & Robinson, Makaweli	5,661
Waimea Sugar Mill Co., Waimea	2,203
Est. V. Knudsen	960
Makwe Sugar Co., Kealeia	11,641
Total	130,92[illegible]

SHOREHAM HOTEL,
Washington, December 19, 1921.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SIR: At your request and in view of the testimony elicited before the Senate Finance Committee to-day in reference to the sugar schedule, especially the plea of the beet-sugar witnesses that their industry was suffering and needed the protection of the proposed tariff, we deem it proper to lay before you certain facts with reference to the beet sugar industry which may be of interest in view of their contentions.

The Great Western Sugar Co. is unquestionably the largest of the beet-sugar producing companies, and, according to the testimony given by its president, Mr. W. L. Petrikin, before the Ways and Means Committee in January of this year, when the Fordney emergency tariff legislation was under discussion, it appeared that his company produced 30 per cent of the entire amount of beet sugar produced in the United States. The company does not publish for distribution any annual report, but the following facts are well known and will be found in any manual of sugar companies. The company's present outstanding capitalization is: Preferred stock, $13,630,000; common stock, $15,000,000.

As shown in the last published report of the American Sugar Refining Co., the latter company owns 31 per cent of the stock in this company. During 1919 and 1920 and until January of this year the regular dividends of 7 per cent were declared on the preferred and a total yearly dividend of $47 on the common stock. In other words, in a little over two years this company declared more than the face value of its common stock as a cash dividend to its stockholders.

This company operates some 16 factories in Colorado, Montana, Wyoming, and Nebraska, and is one of the best managed and most efficient beet companies in the United States. Owning plants distributed over quite a large area, it has been able to build up a large capital and surplus under the tariff existing before the passage of the emergency bill.

In other words, the growth and success of this company was entirely accomplished under the Payne-Aldrich and Underwood tariff acts.

Likewise the American Beet Sugar Co., which has a number of plants located in California, Colorado, and Nebraska, is capitalized as follows: Preferred stock outstanding, $5,000,000; common stock outstanding, $15,000,000. This company has paid the following dividends:

Year.	Dividends paid.	
	Preferred.	Common.
1921	$6.00	$2.00
1920	6.00	8.00
1919	6.00	8.00
1918	6.00	8.00
1917	6.00	20.00

Another very successful beet-sugar company is that of the Spreckels Sugar Co., which owns a large plant in California. There is no published report concerning this company but its stock is owned one-half each by the American Sugar Refining Co. and the Spreckels family. This company has published no statement of earnings, but it is splendidly located and it undoubtedly has built up a large capital and surplus.

If objection be made to the fact that we have picked the years 1919 and 1920, when high prices were paid for sugar, we respectfully refer you to the report of the Beet Sugar Industry in the United States, published May 24, 1917, by the Federal Trade Commission. This commission, by the way, made its report on conditions in the beet-sugar industry in the United States by reason of the fact that an investigation was ordered by the Commissioner of Corporations, at the direction of the Secretary of Commerce, because of complaints on the part of farmers that they were not receiving a fair price for beets. The Federal Trade Commission, in an exhaustive report in chapter 5, treated of the investment, capitalization, and earnings of beet-sugar companies. It examined companies whose production aggregated 98.6 per cent of all the sugar produced in the United States. It found in the period under investigation, which ranged from March 1, 1910, and the fiscal year ending nearest the same date in 1914, that for the companies producing practically all the beet sugar in the United States in that period the average annual rate of earnings during the period covered, after taking account of depreciation, was 11.6 per cent.

On page 123 of this report it is stated that the companies examined, "taken collectively, were overcapitalized to the extent of $9,579,105, or 8.3 per cent." Complete schedules of the overcapitalization are set forth in the report.

It does not appear from any governmental reports what average earnings were made by the beet-sugar companies during the period from 1914 to 1919. We have given the figures for certain companies for 1919 and 1920, and respectfully suggest that you require of the witnesses who are going to appear for the beet-sugar industry to furnish you with a statement of the average earnings of their companies engaged in beet-sugar production for the years 1914 to 1919; that will, at least, show whether or not they prospered during the period that the Underwood tariff was in effect.

So much for the profits made by the beet-sugar industry. When it comes to the question of the relative cost of production between beet sugar and Cuban cane sugar, we refer you to the following:

Tariff Information Survey, paragraph, 177, article 1913, page 32: "In all of the regions in which domestic sugar is produced, except perhaps Louisiana, a considerable proportion is produced at a cost as low as, or lower than, that of the marginal Cuban costs. Such producers would be able to continue to compete with Cuba if there were no duty, so that profits would be less."

On the question of the protection sought for American labor engaged in the beet industry, the testimony given by S. M. Edgell, vice president and treasurer of the Amalgamated Sugar Co. of Utah, operating in Utah and Idaho, before the Ways and Means Committee, is of interest, especially in view of Senator Smoot's statement this morning that in his State, Utah, none but Americans were employed. Mr. Edgell, in testifying with reference to conditions in Utah, was asked by Chairman Fordney the following:

The CHAIRMAN. Mr. Edgell, ever since I have been in Congress this question of labor on sugar has been up. It was first brought up in Congress, since I have been a Member, when the Cuban reciprocity act of 1902 was considered, along there, and finally passed in 1903; then again when the Payne-Aldrich tariff bill was up in 1909, and then when the investigating committee, called the Hardwick committee, were investigating conditions, and was up again in 1913, when the Underwood tariff bill was

passed, and every time that this question has been brought up it has been defended by the refiners and everybody who opposes any duty on sugar, or who is in favor of decreasing the duty on sugar, or is in favor of a lower rate; it has been contended that the western beet-sugar manufacturer employs very largely Japanese, Chinese and Mexican cheap labor. To what extent are these statements true, and, if true what is the percentage of those nationalities which you now employ in the beet fields where you are operating?

"Mr. EDGELL. Well, where we are operating we employ, to my knowledge, no Chinese whatever. I can not give the percentage of the Japanese, but there are some. We employ quite a lot of Mexicans that we brought in in order to work in the beet fields. I would have to be a little more careful in answering the question, because I have only been associated with the company which I am now representing for about a year and a half. We have been compelled to bring labor in from Mexico because we could not get it from anywhere else."

Very respectfully, yours,

HENRY A. RUBINO.

STATEMENT OF M. E. GOETZINGER, REPRESENTING ARBUCKLE BROS., NEW YORK, N. Y.

Unlike the other sugar refiners who are represented at this hearing we have no interest whatsoever, direct or indirect, in the production of either cane or beet sugars. We are refiners pure and simple, whose raw material must be bought in the open market and whose selling price of the refined product must reflect all costs of manufacture and the cost of the raw material including the duty imposed on Cuban and other dutiable raw sugars. We will, therefore, confine our remarks to a refiner's view of the pending tariff bill, and that view is the view of an American manufacturer working on dutiable raw material. His problems include the investment of considerable capital, the employment of labor in large volume, the production and transportation of heavy tonnage, the good will of a wide circle of customers and finally a profit for himself. In these problems he does not differ much from the manufacturer of domestic sugar except in the one important respect that, unlike the latter, the refiner does not ask a bounty in the shape of a protective duty. The two face the same difficulties, are of equal service to their respective communities, and are entitled to the same consideration and protection of the law.

Somewhat roughly stated, the total consumption of sugar in this country is about half domestic and half dutiable, and necessarily every argument advanced in favor of fostering the domestic sugar industry as a stabilizer of prices and a factor in competition, applies with precisely the same force to the eastern refined cane sugar. So too the employment of capital and labor in the one industry is as important to the country as in the other. With a refinery located in New York, our raw material must be imported. We can not use domestic raw beet sugar because none is made in this country. We can not often use Louisiana cane sugar because very little or none at all comes north. We do, however, use the raw sugar of our insular possessions and in the past have worked on large quantities of raw sugar from Porto Rico, Hawaii and the Philippines, but all sugar from these insular possessions commands the duty-paid price of Cuban sugar. Furthermore, our insular possessions do not produce enough sugar to supply the demand of the Eastern States, and thus the use of Cuban raw sugar is not a matter of choice, but of necessity, and therein lies our interest, for if the cost of our raw material were to be legislated out of line with the law of supply and demand there would result a depression in the refining industry involving unemployment of labor, idle capital, diminished supplies of cane sugar to compete with beet sugar and correspondingly increased cost to the consumer.

As usual at hearings of this character, the consumer has no spokesman at the present hearing. His only rôle is to pay the bill. We hold no brief for him, but he is our customer; without him our occupation is gone, and so in his behalf we volunteer the request that his interests be not wholly overlooked nor wholly sacrificed in order that a distant domestic industry may thrive. Let it be recalled that on the Atlantic coast the consumer lives in large numbers, wholly dependent for his sugar on the eastern cane refiners, for he does not raise sugar beets, no beet sugar is made in his home States and none is shipped there because freight charges preclude it. This one item of transportation of a commodity that runs into such tremendous tonnage as does sugar necessarily relegates both beet and cane sugar to a natural zone of its own, separate from the other by a neutral zone in which each may participate on equal transportation terms. When, however, as has happened, the domestic industry diverts part of the advantage which the duty gives it over eastern refined cane sugar to absorb part of the freight charges on shipments into the eastern cane zone, the consumer living in the

eastern States who pays a large part of the tariff bill, has just cause to hold up a warning finger and ask to be heard from. Furthermore, some six or eight thousand of these eastern consumers earn their living as employees of the sugar refineries in New York Harbor alone, and when to these are added the employees in the refineries at Boston, Philadelphia, Baltimore, and Savannah, and the many others who find useful employment in the sale, transportation, and distribution of the eastern refined cane sugar, there is an aggregate of eastern labor that is entitled to considerate attention every time that the domestic industry presents new demands for still higher bounties.

The eastern refiner and his customers the eastern consumers, must now view with some alarm, the suggestion that the solution of the present sugar problem is to be worked out largely at their expense. On that point it is respectfully urged upon your attention that the present extremely abnormal condition does not offer a fair standard wherewith to measure a tariff differential between beet and cane sugars. The abysmal drop in price, unparalleled in the history of sugar, coupled with the extraordinarily high costs of production in war days, and which still persist in a measure, have so violently disrupted the relationship between the producing costs of the two sugars that to build a tariff differential between the two on such shattered foundations would lay too heavy a burden on the consumer. Cost differentials in the two industries are bound to reach their old parallel again, and as the lines approach each other from day to day an artificial tariff differential based on to-day's conditions would simply take us from one extreme to the other and lead to confusion worse confounded.

And let us not overlook the very important fact that the present distressed condition of the sugar industries in this country was not brought about by abnormally large importations of Cuban sugar, but by the large surplus of sugar that is still in Cuba and only knocking at our doors for admission. To put another lock on our doors will not make the Cuban surplus vanish, nor lessen by one whit its depressing influence upon the world's sugar market, either behind our double-locked doors or outside them. The inexorable law of supply and demand may not be so easily thwarted. Just so long as that surplus exists will it weigh heavily upon and depress the entire sugar market, no mat'er where the surplus sugar be stored. The faster that it is consumed the more quickly will the crisis be passed. The crisis is not local but world wide, and to shirk our fair share of the unpleasant results by shoving them upon other nations would be not only cowardly but futile as well. Normally the United States should consume about one-half of the Cuban crop. To levy additiona tribute on Cuban sugar for the purpose of shutting off its customary outlet, will not only accomplish that purpose, but by holding the price of sugar in this country above the world price, obviously will restrain instead of encourage consumption. On the day that the surplus sugar, wherever it be shall have been consumed, the sugar problem will be a thing of the past. Then, why defer the coming of that day by impeding its approach in any manner.

We respectfully urge that the duty on sugar be left where it was before the emergency tariff bill increased it, and that in due time sugar be placed on the free list and be required to contribute to the Nation's tax bill only in the same proportion that the domestic article is required to contribute.

A new and truly startling innovation in the present House bill is the proposed discrimination against the eastern refiners by giving to beet factories and to refiners of domestic cane a substantial reduction in the duty on all foreign sugars which they may choose to use in their establishments. A more brazen and un-American proposal scarcely can be conceived nor can we believe that it will receive the serious consideration of your committee. We therefore dismiss it with the observation that its constitutionality is so grave a question that it might well be feared that to include it in the new bill will put the entire bill in jeopardy.

The other phase of the situation remains to be stated and then we are through. As cane sugar refiners we are not blind to the fact that the beet sugar interests and the southern cane sugar interests have as good a right to engage in and remain in the sugar business as the Atlantic coast refiners. But the question now is not one of fundamental right; it is a question of how much the consuming public shall be charged for the privilege of keeping these home industries in business.

We have hereto addressed the Congress with reference to the economic phase of the sugar question and we reaffirm every statement made in t the past. The demands of home producers, however, have grown so great that another question of paramount importance has come to the fore which affects our responsibility as a nation. The question of import duties on Cuban sugars is not only economic, but is a question of national honor. It comes up at a time when the world is critical and when we have undertaken to lead the peoples of the world into the light of international altruism.

We have in this Capitol City a beautiful structure known as the Pan-American building in which there is now sitting a conference of nations which looks to the

betterment of all people by the limitation of armaments. Far-reaching results are already assured. But what a travesty: Where one body sitting in Washington seeks world peace by the limitation of forces that make for war, and another body chosen by popular favor and sitting in the same city, is being besought to continue and increase discriminations that invite retaliation and which must inevitably end in the breaking of cordial international relations.

A nation that undertakes to do certain things in an international way and then forgets, can hardly expect to merit the continued confidence of the world.

In 1898 we sent the Spanish navy to the bottom. We took over a qualified protectorate of Cuba and hailed "Cuba Libre." Then our Congress with patriotic fervor granted a preferential of 20 per cent of duties on importations from this favored island. Now our generous national impulse faces the assaults of the favor seekers, at whose behest the pending bill contemplates an increase under which the 80 per cent will be just about as high as the 100 per cent duty in effect before the Spanish War.

STATEMENT OF EDWIN P. SHATTUCK, REPRESENTING THE CUBAN-AMERICAN, FRANCISCO, TUINUCU, AND TACAJO SUGAR COMPANIES.

The American producers of sugar on the island of Cuba have a deep interest in the tariff on sugar because of two imposing facts: First, they represent more than 50 per cent of the sugar production of that island, and, second, Cuba supplies the United States with about 50 per cent of its annual consumption.

In considering the proposal contained in the House tariff bill it is necessary at the outset to recognize the fact that the rates there proposed have an adverse effect only on Cuban sugars and not those of other foreign sugar-producing countries, as the importation of full-duty sugar for the past 10 years, with the single exception of last year has been negligible. The advocates of the bill, as passed by the House, openly state that its purpose is to build a higher tariff wall against the Cuban product. As was said by Mr. Martin, when this bill was under discussion in the House:

"In considering the duty upon sugar, the Cuban product alone is to be considered, and it is against the importations from that country that we must be protected."

And again:

"As nearly all of the sugar imported into this country comes from Cuba, the Cuban tariff alone need be taken into consideration."

This remark seems not only untimely because of Cuba's present deplorable economic condition but is seemingly void of an appreciation of the intimate political, geographic and economic unity of the two countries.

It is therefore essential that we consider this subject from the point of view thus expressed, that this proposed legislation is in fact directed against Cuba, and in examining its effect the special relations existing between Cuba and the United States should be fully recognized.

Cuba, a sovereign and independent State, is nevertheless under the protection of the United States, both by the latter's announced policy and course of dealing, and also by the treaty agreements between them. By her acceptance of the so-called Platt amendment of March 2, 1901, Cuba has limited her treaty-making power with other foreign powers and her power to incur public debts, and has consented to take a position which practically renders her a dependency of the United States, in so far as her relation with other powers is concerned. We quote from the Platt amendment as follows:

"*Restrictions on treaties.*—That the Government of Cuba shall never enter into any treaty or other compact with any foreign power or powers which will impair or tend to impair the independence of Cuba, nor in any manner authorize or permit any foreign power or powers to obtain by colonization or for military or naval purposes or otherwise, lodgment in or control over any portion of said island.

"*Restrictions on public debt.*—That said Government shall not assume or contract any public debt, to pay the interest upon which, and to make reasonable sinking fund provision for the ultimate discharge of which, the ordinary revenues of the island, after defraying the current expenses of government, shall be inadequate.

"*Intervention by United States.*—That the Government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property, and individual liberty, and for discharging the obligations with respect to Cuba imposed by the treaty of Paris on the United States, now to be assumed and undertaken by the Government of Cuba."

The imposition of these restrictions on Cuba's rights as a free and sovereign State has placed the United States under very strong moral, if not legal, obligations to tha

country. Cuba stands to-day under the guiding and restraining hand of our Government: she makes no unusual move without the tacit consent or pronounced approval of our Government. In fact, Cuba's relation to our Government, except in form, is little different from Hawaii and Porto Rico. But because of this difference in form the two latter islands are given the blessings of free importations, and to Cuba is proposed a tariff higher than has existed for 30 years.

This fertile island, largely given to the sugar industry, lies almost at our shores; it is nearer to the metropolis of America than is New Orleans. Its wealth of production is in great measure the result of the capital and labor of American citizens; its great industrial development draws its supplies almost wholly from the United States.

It is estimated that the capital investment of United States citizens in Cuba exceeds $1,000,000,000. It is more than the combined investment of our people in the sugar industry of the United States, the Philippines, Hawaii, and Porto Rico.

Also it may be said with some pride by those who are interested in Cuban affairs that she buys more in commodities from the United States than do the dependencies of Hawaii, Porto Rico, and the Philippines combined, each of which are now accorded a preference over her of $1.60 per hundred pounds on sugar. But this comparison is to speak slightingly of Cuba's imposing position as a customer of the United States. And this has a vital meaning to every farmer, laborer, and manufacturer in the United States. What are the facts?

During the last year Cuba imported from the United States over $515,000,000 worth of products. More than the combined exports to Argentina, Brazil and Chile, and almost as much as was exported from the United States to all South American countries.

An examination of the reports of the Secretary of Commerce shows that Cuba as an export market for our products was in the calendar year 1920 only exceeded by the United Kingdom, Canada, and France. Of all the countries in the world Cuba is fourth in respect to the value of our exports.

"Increase our export trade" is the slogan of the day. Yet with this enormous Cuban export market already in our hands, we would destroy it. Eminent authority has said that Latin-American countries are the fields to which we must look for our export development. Cuba is to-day the greatest and most fertile of all of these. Why try to dethrone Cuba? Let her utilize her preeminent position in sugar culture to supply the markets of the world. The revenue thus received will be used by Cuba for purchasing products from the United States. The markets of Cuba are of vast importance to our industrial life and especially to our rice, wheat, pork, and other food producers and to the textile, iron, steel, and machinery industries.

If we destroy the Cuban sugar industry, or lessen its prosperity, or by your action drive Cuba into other commercial alliances in order that she may preserve her very life, we, in the same measure, decrease the export of our food, fuel, and manufactured commodities to Cuba. We submit for your earnest thought that this market is worthy of retention and expansion. It should not be destroyed or divorced at the behest of those interests which seek a prohibitive tariff. Wise statesmanship can not be turned to such a use.

Not only is the extensive trade between Cuba and the United States of unestimated value to the producer and manufacturer in the United States, but it is of immense value to our shipping interests and especially at this time when the problem of the American merchant marine is so acute. A large volume of trade between the United States and Cuba is carried on almost exclusively in ships of American registry. For the calendar year 1920 vessels of American registry engaged in this trade amounted to [illegible],138 tons out of a total tonnage of 9,477,047.

In dealing with Cuba the United States should take these commercial facts and its political associations with Cuba into serious consideration. To impose another barrier to the commercial relations between the two countries, by an added tariff duty on sugar is comparable to a request of Louisiana, because of her high producing costs, to ask that her product be protected against the beet sugar industry of the West, and that a tax be placed on the latter in order to protect the producer against losses in Louisiana. The two countries are too intimate politically and too closely associated commercially to permit the addition of a new and increased burden on Cuba's essential industry, and the dependable source of our own supply of this prime commodity.

Our understanding of the dominant party's idea is that tariff legislation should be based on the principles of protection; not only protection to American industries but to her population; not protection to a small favored group of American citizens but protection that will be felt largely and broadly by her whole people; protection that tends to make our country independent economically; that brings to us from abroad at low cost those articles which we need, and in return gains for us a market for our surplus products. We believe that these principles are woefully disregarded in the proposed bill.

It is also the aspiration of every nation that she will always have at her command her supplies of any essential commodity. How better can the United States assure itself of this essential commodity than to foster and protect the sugar industry of Cuba. In reviewing our industrial history of the late war where will you find a more striking example of such assurance of a needed supply than that accorded by Cuba to our Government in the case of sugar.

When the United States declared war against Germany in April 1917, Cuba, on the following day likewise declared war against Germany. In doing so she was guided only by the thought to serve her northern neighbor. Her action was of great importance; with her long seacoast she prevented harbors to the German fleet and early took decisive action to prevent the spread of enemy propaganda in her own territory and adjoining countries.

Soon after war was declared Cuba met the requests of the United States Government in immediately placing at its disposal the entire sugar production of the island at a price far below the relative prices of other important food commodities. Again in 1918 Cuba sold to the United States its entire sugar crop, at a time when it was evident that she could have sold her sugar crop in the markets of the world at more than double the return which she had received under the arrangements made with the United States, and also, at the behest of our Government, greatly augmented its production to supply the crying needs of the United States and its allies. Her cooperation was full and complete. She took no note of her great industrial gain by holding aloof, but in the true spirit of the alliance which had been built up between the two countries she came to its support. In 1919, after the war, she offered her crop again to the United States in the interest of a stable and reasonable price; she did this at a time when it was well known that sugar prices would rapidly advance and that the world's sugar shortage would make a demand on her product, at whatever price she choose to fix. It is of interest here to recall the warning given by the mission representing the Cuban Government as to the disastrous results that would follow if Cuba's offer was not accepted. In the letter written by the mission to our Government this language is used:

"If, on the contrary, the opportunity to serve—not the American people alone but the universal welfare—is for any reason, technical or otherwise, not availed of through one medium or another, there is not a community anywhere in America, in Europe, or Asia that will not feel the consequence of our failure to provide a stable price for this most necessary article of human consumption."

The United States unfortunately failed to heed Cuba's warning and declined to accept her offer for the 1919–20 crop, but the earnestness of the offer showed her desires and purposes. This prophetic warning of the Cuban Mission was only too true. The fear of sugar scarcity drove the price of sugar to 23½ cents per pound and brought sugar to us from all parts of the world. When the fear subsided and reason ruled the collapse came, and not only in our country but throughout the world financial distress and suffering were the inevitable consequences.

The United States producers of sugar in Cuba ask no favors but they expect no discrimination from the hands of their Government. This sugar industry has been developed and expanded upon the faith of the reciprocity treaty and upon the basis of the tariff rates prevailing prior to the enactment of the emergency tariff which were found after careful survey and study to represent a differential that would fairly equalize between the costs of production in the United States and its possessions and Cuba, and which would permit legitimate sugar industries here and there to prosper.

The rate fixed by the emergency tariff act, which the tariff bill as passed by the House proposes to perpetuate, increased the duty on raw sugar of 96° test from 1.256 cents to 2 cents a pound. Under the reciprocity treaty of December 11, 1902, between the United States and Cuba, the latter has a reduction of 20 per cent from full duty on all importations of sugar into this country. On the basis of 2 cents duty Cuba pays 1.6 cents per pound as against approximately 1 cent per pound before the enactment of the emergency tariff act. Under this act the producer in Cuba has been compelled to absorb this additional duty of 0.6 cent per pound. The day before this act was signed by President Harding Cuban sugars were selling at 3.875 cents, and on the following day at 3.275 cents, or a decrease of 60 cents per 100 pounds. It is estimated that the coming into force of this act depreciated the value of the raw sugar then in Cuba about $35,000,000.

The emergency tariff act was a severe blow to Cuba. It followed the unfortunate occurrences that had befallen that Republic since the collapse of the local banks and the moratorium last year. It became operative at the end of May during the peak of the Cuban crop and during the stagnation of the sugar market in general and when the financial crisis in Cuba was at its height, and when Cuba was trying to sell

her high-cost sugar at not too great a loss. She is still staggering under its disastrous effects.

We also desire to call attention to the bearing of this increased tariff on the reciprocity treaty between Cuba and the United States. For a few years succeeding the treaty Cuba received the benefit of the differential of 20 per cent provided therein, but since her sugar production exceeded the requirements of the United States, Cuba has received no part of this differential. Immediately after Cuba ceased getting the benefits of this differential the United States consumer received it. The United States Tariff Commission in its 1921 edition of Tariff Information Surveys on Sugar, at page 31, states this proposition as follows:

"In 1903 a reciprocity treaty was arranged with Cuba providing for a reduction of 20 per cent from the full duty on all importations from that country. So long as considerable importations continued under full-duty rates, it is safe to assume that the price established in the international market was enhanced in the United States by the full duty, and that therefore the remission of 20 per cent to Cuban producers was simply so much bonus to them and of no benefit to American consumers. The Cuban manufacturers added the 20 per cent to their former price and pocketed the profit. Under such stimulus, however, Cuban production rapidly increased, and ultimately competition brought down the Cuban price again to the international level. This process has been estimated to have required about five or six years. By 1908 to 1909 the American consumers were receiving the benefit of the 20 per cent reduction. Full-duty sugars were from that time on virtually excluded."

In striking contrast to the fact that Cuban sugar producers receive no part of this differential is the tremendous advantage to the United States exporters from the differential accorded to them. Under the treaty Cuba admits all United States products at a preferential ranging from 20 to 40 per cent. The United States producers and manufacturers of these products receive the full benefit of this preferential, as Cuba buys very little, if any, of similar products elsewhere.

There are many commodities that Cuba could buy abroad cheaper than from the United States, such as machinery, locomotives, rails, railroad cars, automobiles, shoes, and all kinds of leather goods, and luxuries, were it not for the differential allowed to the United States under the reciprocity treaty. The increased price that Cuba pays for these and other commodities in the United States, goes directly to the United States producer and manufacturer. On the other hand, Cuba receives no part of the differential allowed to the importation of sugar into the United States from Cuba. Cuba is required to meet the world market price in her sale of sugar to the United States, but the United States may sell to Cuba at a premium over the world market equal to the differential allowed to her under the reciprocity treaty.

If Cuba is to be denied the reciprocal advantages which she had supposed she would receive under the reciprocity treaty, she necessarily must take steps to prevent paying increased prices for commodities to the United States. when she can secure them at a cheaper price in other foreign markets. This will inevitably require Cuba to modify her own tariff schedules and to increase her duties against American goods in order to be in a position to buy cheaper elsewhere. The Cuban tariff has not been changed since the reciprocity treaty was concluded on December 11, 1902. Products of the United States enter Cuba to-day on the same terms and with the same advantages as when the treaty was signed, yet Cuban sugars have not only lost the preferential, but it is seriously proposed to burden them with a permanent increased tax of 60 cents per 100 pounds.

The mistaken contention has been advanced that as the value of imports from Cuba to the United States exceeds the value of our exports to Cuba the reciprocity treaty has worked to the disadvantage of the United States, by giving a balance of trade in favor of Cuba. But the facts are that the moneys paid from Cuban industries to the United States in transport hire, interest charges, dividends, taxes, etc., have more than offset the excess of import over export commodity values.

An examination of the arguments that have been made before and will be made now by the advocates of the House bill leads to no other conclusion than that the purpose for striking down the normal, advantageous, and desirable relation which existed between the United States and Cuba prior to the emergency tariff act, is that the beet sugar manufacturer in this country may have a subsidy accorded to his industry.

We contend that for all legitimate purposes a differential of 1 cent per pound between Cuban sugars and those of the United States is sufficient and more is unwarranted. If to expand the domestic industries we must add a further differential against sugars produced in Cuba, which is part of our own political and economic system, then this expansion should not be fostered. Illegitimate industries should never be subsidized by our tariff. Under the differential mentioned there is ample

room for the sugar industries of both Cuba and the United States and for the legitimate expansion of each. It is believed that a differential of approximately 1 cent a pound as between our insular possessions and Cuba is amply sufficient to cover any disparity between the cost of production in the respective countries. It is also a well known fact that legitimate domestic beet sugar industries have prospered under the recent tariff schedule. The United States Tariff Commission in its Tariff Information Survey, above referred to, at page 31, shows that only a small proportion of the beet sugar industry of the United States is dependent upon the tariff. They say:

"Taking the industry as a whole, roughly speaking, about 20 per cent of the output is dependent upon the tariff."

It is a recognized fact that the United States can never hope to produce all of its sugar requirements. Porto Rico and Hawaii, it is conceded, have obtained their maximum output. The Philippines have increased somewhat, but the total will be small and the Louisiana crop is capable of no expansion but has shown a considerable reduction in recent years. In the light of experience it is also unlikely that the United States beet crop is capable of any substantial increase. Certainly the consumption of sugar in the United States will increase more rapidly than the production of domestic sugar can be increased.

The present consumption in the United States is about 4,500,000 tons, of which the United States produces in the aggregate about 2,250,000, leaving 2,250,000 tons to be imported, which in former times all came from Cuba. A 1-cent duty on this importation amounts to about $50,000,000 duty per year. Under the present tariff bill, with Cuban sugars paying $1.60 per hundred pounds, the duty collected would equal about $81,000,000. Compare this with the total increased cost to the consumer to arrive at which we must figure 1.6 cents per pound on the total consumption of 4,500,000 tons, which amounts to approximately $162,000,000, of which $81,000,000 would go directly to the domestic producer.

We do not believe the Government can justify this increased tariff as a revenue measure, for if this is the purpose to be accomplished it would be better to levy a 1-cent duty on sugar to protect the producers in the United States, and a tax of some form on the entire consumption of sugar. This would result in considerably less tax on the consumer and an additional revenue to the Government. Surely it can not be justified on the theory of protection, for to do so we must admit the wisdom of striking down the extensive market now existing for lucrative export trade in many lines of industry, of denying the American consumer his natural source of supply and imposing on him a higly artificial tax to subsidize an exotic beet production and to award an excessive profit to the favored Porto Rican, Hawaiian, and Philippine producers as well as to those legitimate beet sugar producers who have greatly prospered under our recent tariff.

It should be recalled that for the 10-year period prior to the war sugar sold at an average price of about 2½ cents per pound. To-day San Domingo full-duty sugars are quoted c. i. f. United States ports at 2.06, or an f. o. b. price San Domingo of about 1.91. The 2-cent duty on these 96-degree test sugars is about 110 per cent. Is such a tax to be continued on one of the most important items of the food supply of this country? Is the American consumer to be required to pay over 100 per cent protection on an article like sugar to producers who can not hope to furnish enough for the American consumption, especially when they can get this article at their very door? Even the tariff rate on luxuries does not approach this astounding rate on sugar.

The increased tariff imposed against Cuba by the emergency tariff act of 60 cents a hundred pounds is a heavy burden to her. On top of the very high production costs that prevailed while the recent crop was being made we have had a colossal decline in sugar values. This decline has been brought about in great measure by the very large crop of Cuban sugar, which was the result of the stimulus given to Cuban production through the entreaty of our own Government during the war. These high production costs and the relatively very low prices for sugar have thrown the island into financial chaos. It would seem to be an anomaly that one department of our Government should have sent its special representative to Cuba to inform and advise it during this commercial crisis and should be seeking remedial measures for the assurance of the island's financial and economic recovery and another department should be considering the enactment of a measure that will have the effect to preventing its rehabilitation and will be a permanent menace to its industrial life.

It is pertinent at this time to call attention to the words of President Harding, reported in the New York Times of April 12 of this year, on the occasion of the opening of the direct telephone communication between the United States and Cuba. President Harding, in talking over the telephone with then President Menocal, is reported to have said:

"This time is especially auspicious for the exchange of assurances that our two Republics are bound together by indissoluble ties of sympathy and interest. Our fortunes have been linked together already in two history-making struggles, and to-day, when Cuba stands under the shadow of a national misfortune, I want you to know that the United States is determined as always to prove itself the true and helpful friend of your nation."

This message was given within a day or two after the suspension of payment by the National Bank of Cuba, which followed a period of distressing industrial and financial conditions in Cuba and indicates a sympathy and understanding of the close political and commercial relations which exist between the two Governments. Yet, notwithstanding these sentiments, Congress to-day by its tariff legislation is proposing to build a barrier between the two Governments and to force Cuba into a position where she must look for her very life to some other commercial alliance.

Are our people to look complacently on and witness a tariff of above 100 per cent placed on their sugar requirements, and see a market for half a billion dollars of their farm and mill products taken away by intemperate legislation?

The investment of American money in Cuba produces more than twice as much sugar as is produced in continental United States, and in excess of the total sugar production of the United States, including its insular possessions of Hawaii, Porto Rico, and the Philippines. It is therefore earnestly requested that the foregoing facts be given careful consideration, in the sincere belief that they are sufficient to warrant your committee in reporting a sugar schedule which will accord to Cuba and in equal measure to the United States the treatment which is justified by the many ties of commerce and friendship between the two countries and which will also tend to preserve the investments of the United States in this island. To this end our petition is that the duty on Cuban sugars be reduced to at least the previous rate of 1.0048 cents per pound which was in effect up to May 28, 1921.

STATEMENT OF HORATIO S. RUBENS, REPRESENTING THE AMERICAN COMMITTEE ON CUBAN EMERGENCY, NEW YORK CITY.

Senator McCUMBER. Give your name and address and state whom you represent, for the information of the committee.

Mr. RUBENS. My name is Horatio S. Rubens, 40 Exchange Place, New York City. I represent the American Committee on the Cuban Emergency, and several other gentlemen in connection with the Cuban sugar industry who have surrendered their time to me so that I might explain the situation as a whole.

Senator McCUMBER. Proceed in your own way.

Mr. RUBENS. Inasmuch as we are to be heard before the gentlemen who are to speak in favor of the bill, there are several things to which I would like to call the attention of the committee by way of answering certain statements, arguments, and objections that have come to our attention—criticisms made of the Cuban situation, of the producers in Cuba, of the opposition to the American interests in Cuba and to the Cuban Government itself.

I think this is absolutely essential for the proper consideration of this question, no matter whether you sympathize with beets or sympathize with Cuba. The question is very plain. We are not here to ask for any free trade. We appreciate the situation of the American beet industry, particularly, as an example of their situation which is common to producers of sugar, whether Hawaiians or Porto Ricans or Louisianians or Filipinos, the beet or the Cuban producers—but there are certain principles which we would like to place before the committee for its deliberation, with the idea not of injuring any American interest but of preventing the injury to those interests ultimately through the immediate injury and paralysis of the situation in Cuba.

Senator SMOOT. Are you a member of the American Commission on Cuba?

Mr. RUBENS. No, sir.

Senator SMOOT. Or the Cuban Commission, I should say.

Mr. RUBENS. No, sir; I have had nothing to do with the commission. You mean the old commission?

Senator SMOOT. It ceases to exist on the 31st of this month?

Mr. RUBENS. Yes, sir; I understand that is its fate. No. I will say, Senator—I am speaking in an individual capacity—that I was in Cuba at the time when it was proposed, and I opposed it. But it was submitted to the approval of the State Department in the United States, and by and with the consent and approval of the State Department it was created.

Senator SMOOT. I do not know the history of it down here; I did not know what it was in Cuba altogether, and I thought that if you had been connected with it I would like to ask you some questions about it.

Mr. RUBENS. I must confess that while I was consulted, my opinion was not taken, and I was opposed to it because I felt that it was an ephemeral measure, would simply tend to hold up the ultimate situation, was an attempt to fix a price artificially in spite of the overplus of the supply to the demand, and for those reasons I was opposed to it.

However, one of the charges made against Cuba is that she brought about not only her own present condition but that of the sugar industry as a whole. One of the charges is that undue speculation and ambition to make more and more money brought about this situation. I think, in view of the fact that we want to do justice to the one and to the other, and particularly as I was impressed with the remarks of the honorable Senator who pointed out the condition of the market because of the holding back of sugars, when, as he said, there were ample sugars in the United States and in Cuba to take care of the demand; it was then that the American Government through its officials stepped in and practically requisitioned the importation, which ultimately amounted to 800,000 tons of foreign sugars, which brought about the disaster. I was very much interested, Senator, in your statement that there was enough American and Cuban sugar in this country, so that if the speculation was on the part of the Cubans it was also on the part of the Americans, and the further statement that a great deal of the sugar that was made at a very high price in 1920 in the beet district met with the same misfortune that the Cubans met. They also held their sugars and they were not sold until the spring of 1921.

Senator SMOOT. It hit the beet people harder than it did any of the cane-sugar people for the reason that the beet-sugar people have got this contract one year ahead for their beets, and they had the contract for beets for 1920 when sugar was away up in the air, and those beets were not manufactured for the next year, and when manufactured were produced from $12 beets they found a $6 market.

Mr. RUBENS. Yes; but it was the United States Government that was responsible for this.

Senator SMOOT. I am aware of that.

Mr. RUBENS. That precipitated the situation.

Senator SMOOT. But, I want to say, be fair to the Government, too. Their advisers did not take the position that some of us did, that there was ample sugar; they took the position that there was not.

Mr. RUBENS. I am trying to disclose, Senator, if I may, that the Cubans, who may have made a mistake, and probably did, some of whom were naturally overambitious, had the same example, as was shown to you to-day, of the fixation of price by the Attorney General, in the case of Louisiana at 17 to 18 cents, and the banner of speculation was nailed to the foremast of the vessel.

So that my plea is: Please do not blame the Cubans entirely for the very natural assumption that when in November or December of the year previous to their making their crop, Louisiana was authorized to charge 17 to 18 cents, so it was no marvel that finally, in May and June, the raw sugar went up to 23 cents.

Senator SMOOT. That is a fair statement.

Mr. RUBENS. The other charge against Cuba—and I am reviewing some of the charges against Cuba so as to smooth down some of the acrimony of the debate, and anything that I may say which may appear to be a criticism of anybody else is only said in the way of defensive argument to some of the offensive statements which are perfectly proper in debate. Several gentlemen in the House of Representatives have called attention to the fact that the balance of trade in Cuba was against the United States. I will not go into the details which have been touched upon by Mr. Atkins and his reply that you have to take into consideration interest paid, insurance and transportation and the dividends which were earned by American companies. But I wish further to call attention to the fact that a great deal of sugar in these last years came to the United States, apparently sold to the United States, but only passing through the process of refining and then reexported by the refiners. So that, furthermore, this should be taken into consideration in amelioration of the charge that the balance of trade has been in favor of Cuba. I remember some years ago when I was in San Domingo and then came to Washington that the newspapers pointed with a great deal of glee and satisfaction to the fact that under our auspices San Domingo had the balance of trade in her favor. That simply meant to me, after I had seen the conditions in San Domingo, that after dividends were declared by foreign companies that owned the main production of San Domingo, which at the time was sugar, the population of San Domingo was on a bare wage, and therefore they could not purchase more than their country exported.

The balance of trade is not an argument against the trade with Cuba. We do not say to the rest of the world with which we have formed trade, "We do not want to trade with you because you are not fair; the balance of trade is not in our favor."

Senator MCCUMBER. That balance of trade was due to the fact that the only thing that Cuba had to sell us rose enormously in value during that year, was it not?

Mr. RUBENS. Yes.

Senator MCCUMBER. It did not increase other exports outside of sugar to any appreciable amount?

Mr. RUBENS. No.

Senator McCumber. And the amount of sugar was not particularly increased?

Mr. Rubens. Oh, yes; its value and the volume of sugar, too. There was a considerable increase in sugar.

Senator McCumber. But not as much an increase in weight of sugar as the increase in value?

Mr. Rubens. No. There was an increase in a few years from two and one-half to nearly four million, Senator.

But you have touched upon another point which should not be forgotten in connection with Cuba, and that is that we are dealing with many nations that have a number of products, but with few nations that are almost entirely dependent upon one main product, and such as is the sugar crop of Cuba.

I do not want to take the time of the committee on useless details, but the Senator made a statement which I just took down hastily on a slip of paper, that for the price of beets now paid—which I understand is $6—the Cubans could lay down and refine their sugar at the eastern seaboard.

There is a slight mistake about that, Senator, because if you figure 235 pounds——

Senator Smoot (interposing). It is 233 pounds.

Mr. Rubens. I took five because it was easier to figure—at $6 you get 2.55 cents a pound——

Senator Smoot (interposing). And that is what they are laying sugar down now for in New York.

Mr. Rubens. But not refined.

Senator Smoot. There is a cent's difference in that, and you are laying it down in New York at 2.55.

Mr. Rubens. That is a part——

Senator Smoot (interposing). And then if you add freight and the handling of it to get it to the mill, you will find out that you can deliver Cuban refined sugar in New York at no more to-day than the saccharin in the $6 beet, without our putting an ounce of work on it in slicing and manufacture.

Senator Watson. At what are you laying it down in New York for now for January delivery?

Mr. Rubens. For January delivery, I understood, 2 cents, cost and freight.

Senator Smoot. That is 96 rough?

Mr. Rubens. And that means that afterwards—and I wish to call the attention of the committee to it, because the Senator doubtless understands the method of calculation—when there is a protection of 1 cent or 1.6 or 2 cents on sugar, it means this, that is only the tariff—there is an additional protection.

Senator Smoot. You say there is an additional protection?

Mr. Rubens. Yes; there is an additional protection in this way that when the beet sugar cost is calculated it is the cost of beet sugar ready for market, a refined product. When you figure on Cuban sugar it is raw sugar, which must be transported to a refinery, and that refinery must get its cost of refining plus its profit; and then there are lost in that process of refining 7 pounds of raw sugar which have already paid the duty, to every 100 pounds of raw sugar which are refined. In other words, only 93 pounds of refined resulting from

a hundred raw, and the entire hundred they paid their duty on, and they have to pay for every pound of sugar to the refiner, plus profit; and when they get in competition with beets they have to pay considerable freight from the seaboard to the competitive zone.

Senator SMOOT. You can get a freight rate from New York to Chicago, where our market is, for less than one-half of what you can get it from our factory to Chicago—that is the advantage we get. And, another thing, I wanted you to understand that the dollar a hundred, or cent a pound, that I stated, you know that is added on for the refined charges and the losses?

Mr. RUBENS. Yes, sir. When the cost of raw sugar is low——

Senator SMOOT (interposing). That is what it is to-day.

Mr. RUBENS (continuing). When the cost of sugar is high, it goes up; and by the same token, when the price was fixed by Mr. Hoover for the purchase of the Cuban crop, the Equalization Board added on 0.35 cent per pound, or 35 cents a hundred, which, in effect, was for the benefit of the domestic sugar producers, and the result of that was that there was accumulated some $30,000,000 which went out of the profit of the transaction on the importation of Cuban sugar during that period and became merged with the general funds of the United States.

Senator SMOOT. You want to be perfectly fair. But that 35 cents that was added on was because everything that the beet refiner bought increased over 100 per cent—everything that the beet sugar refiner purchased increased over a hundred per cent—bags of all kinds, limes of all kinds, acids of all kinds, bone black, and everything else increased over 100 per cent, and Mr. Hoover allowed them to have $1.35 instead of $1.

Mr. RUBENS. That 35 cents represented about $30,000,000 which the Cubans lost during the operation of the sale.

Senator SMOOT. Not at all.

Mr. RUBENS. If they had gotten the same price and the same level as the American producer they would have had $30,000,000 more, would they not, Senator?

Senator SMOOT. Evidently; of course, Cuba had to pay more for her goods, too. There is not any doubt about it. It happened in everything that occurred in business—everything went sky high, and, of course, Mr. Hoover allowed 35 cents for refining charges and differential and loss from 96 raw to granulated, and I do not think that that was unreasonable, and I believe that you will say that it no doubt did cost the refiner that much.

Mr. RUBENS. I do not envy anyone the profit they did make, because after all they have to contribute by way of excess profit, charges, and other things to the exchequer of the United States.

A great deal has been said in criticism of Cuba lately as to labor. The statement that 65 cents is the fair and general charge at the present time, I think, needs a certain amount of explanation.

I heard that this was to be used as an argument, Senator, and I had the curiosity to ascertain what was being paid in Porto Rico at this time and, rather to my surprise, I find it is 50 to 60 cents.

Senator SMOOT. I do not deny it at all; and, for one thing, I think of course, if it were possible to avoid, it should be avoided.

Senator MCCUMBER. That is labor in the field?

Senator SMOOT. In the field.

Mr. RUBENS. And, of course, the Senator has explained——

Senator MCCUMBER (interposing). That has reference to labor in the fields?

Mr. RUBENS. Yes; that has reference to labor in the fields at a time when there is practically no necessity for that labor, because they are just about ready to harvest their crop. It is not a question of economics; it is not a question of actual costs either in Porto Rico or in Cuba, Senator; it is a question of common humanity. They must have something or they starve.

Senator WATSON. Do they pay 50 cents on the average or more; what is the truth about that statement?

Mr. RUBENS. The truth about that statement is that there is no work at this season, and rather than permit the people around you to starve, you invent, if you please, some operation in the field which otherwise would be unnecessary.

Senator WATSON. Is that 65 cents wages paid the year around?

Mr. RUBENS. No.

Senator SMOOT. I do not say right now, because I heard it two months ago. I had an investigation made and I have that report now; and they have been paying it. I have not the report here, but I will be glad to put it in the record—and they had been paying that price for common labor in the field for a month past.

Mr. RUBENS. And it may be that in some cases they paid for labor simply by giving enough to keep them from death and from starvation.

Senator SMOOT. We can not do that in our country.

Mr. RUBENS. But, Senator, there was no sugar cultivation in the fields. And may this be a grain of comfort to all of us: The latest estimate of the coming crop in Cuba is not 3,900,000 pounds as it was last year, but it is 3,000,000 tons.

Senator SMOOT. Three million two hundred thousand is what was given to me.

Senator WATSON. Do they pay more for labor than for harvesting the crop?

Mr. RUBENS. Naturally, and they will just as soon as they begin harvesting.

Senator SMOOT. And if Cuba would limit the crop this year to 2,250,000 tons she would get more money out of her sugar.

Mr. RUBENS. But as to the proposition of importation from Cuba only a few days ago there was one made in the nature of an embargo on Cuba. She was told that she would only be permitted to bring in 2,000,000 tons, and then she would have the benefit of the emergency tariff or the Fordney tariff, and if she brought in 500,000 tons more she would be penalized.

Senator WATSON. Who told Cuba that?

Mr. RUBENS. That was the proposition, I think, invented by some of the beet sugar gentlemen. And another proposition which was recently invented is still more ingenious——

Senator CALDER (interposing). How will they control it?

Mr. RUBENS. How will they control it? They will have commissions controlling in Cuba and commissions controlling in this country. But the other suggestion, which I think has not met with

any serious consideration, was that a price could be fixed which would be a living price for American sugar producers, and then let us assume that was 2.9 cents a pound for Cuba. If she sold for anything than 2.9 then she would pay a proportionately higher duty. So that if a farmer, for instance, were told to sell his wheat at $1.50 and he sold at $1.40, his taxes would go up; and then if he sold for $1.25 they would go up still further.

I am the first one to agree, Senator, that something ought to be done to take care of the actual situation in Cuba, which is a menace not only to this country but to herself.

I am the first one to agree with that principle, but I am here, unfortunately, to argue a question which I want to bring to your attention, and that is if the Fordney tariff is assumed to be a permanent tariff, not a question of doctrine of the present condition—of trying to save all the people interested in sugar, whether the stockholders be the stockholders of the American Continental Beet Producing or cane corporations, or whether they be the stockholders of American corporations producing sugar in Cuba. I think there ought to be no discrimination, and I believe there is none in fairness between the American investors whether they are in beets or whether they are in Cuban corporations.

Senator SMOOT. I do not want to assent to any such proposition. To me, as an American citizen, I would very much prefer to have my products manufactured in America. If your theory is correct, to have free trade or to have all the advantages of cheap labor from a foreign country, all you have got to do is to tell the cloth manufacturer and the cotton manufacturer, the jewelry and toy manufacturers, "You go and invest your money in Germany, and we are going to protect you, and you will have it come into this country without any protection whatever," in order to protect American money invested in Germany. I say I would like to do that so far as the laws of Germany, but when it comes to the question between a manufacturer investing his money in America, employing American labor, paying American wages, paying taxes, to help maintain the American Government, I am going to stand by him before any other American who is manufacturing his goods to come into this country from any other country in the world.

Senator WATSON. Of course, that brings up the whole question of tariff.

Mr. RUBENS. That brings up another question which I am very sorry to have to touch upon.

Senator WATSON. Do you agree with the statement made here a moment ago that the Fordney emergency tariff has no effect whatever in the maintaining of the price of sugar and in sustaining American industry?

Mr. RUBENS. I have a letter from Mr. Fordney here somewhere, in which he calls the attention of one of his colleagues to the fact that the result of the increase of the duty on sugar has not raised the price to the consumer.

Senator SMOOT. For the reason, of course, that the sugar condition is such that the market has been steadily dropping.

Mr. RUBENS. Exactly.

Senator SMOOT. But if it had not been, there would not have been any sugar industry in the United States left.

Senator WATSON. Suppose you made the tariff five times as high as we did. Would not the American producer have the benefit of the entire American market?

Mr. RUBENS. When you have had before you the various figures—when you get some to-morrow from the beet people, you will find they are all very ingenious and made by gentlemen who have their pencils sharpened at both ends, and if you ask them the basis of calculation of so many cents per pound you will find it was on the old exchange rate and not on the new. If you take the new exchange rate it would be quite a different thing.

Senator SMOOT. That has nothing to do with the specific rate of duty?

Mr. RUBENS. No; except that it works on an ad valorem basis. In the case of Cuba, you have to take the ad valorem basis in order to ascertain whether or not there is any article which has imposed upon it anything comparable in ad valorem under the present conditions.

However, Senator, your declaration that the investments of Americans in Cuba do not redound to American interests as do those in the West, where you have American labor, etc., I wish to say that it is only a raw material, as you well know. It is brought into the United States to be worked in refineries. I am holding no brief for refiners or refineries. They are here to speak for themselves. But they, too, are American interests.

Senator SMOOT. Sure.

Mr. RUBENS. And I believe their investment is between $400,000,000 and $500,000,000 as against $175,000,000 of the beet industry, and they, too, are in a condition where they should be respected. They also engage tens of thousands of American labor, if you please.

Senator WATSON. Have the American refiners investments in Cuba?

Mr. RUBENS. They have some; they have now two estates in Cuba. Heretofore they have had none, but it seems that the policy of Mr. Havemeyer, who sought to insure his investments in the American Sugar Refining Co. by taking up a good deal of the stocks of the original beet producing companies, which I understand are still held and are very profitable as a source of income to the American Sugar Refining Co.—I understand that he, in his wisdom, sought those investments in the beet industry so as to protect himself if the prophecy which was then made should hold good sooner or later—early in beet culture it was prophesied by one beet sugar man that the United States would in ten years produce enough sugar to export abroad in competition with European sugar.

Senator SMOOT. The refiner gets his money without a question of doubt. He takes no chances whatever in buying his sugar, because he sells his sugar and buys it from Cuba at the price it is—Cuba regulates the price, so that the Sugar Refining Co. is perfectly safe. It is not like the man who puts the seed into the ground, raises the beets and then refines them and prepares the product for the market.

Mr. RUBENS. Senator, if you will pardon me, since the middle of 1920 the refiner has been in the same position as any other purchaser on inventory: He has found his inventory has shrunk and all durin

this year he has found that certain gentlemen have nipped the price below, so that he hardly dared to go into the market to purchase. He found that after every purchase, and before he could refine there was a still further slump in the price.

But, getting down to the question of Cuban labor: The labor in the agricultural beet fields in the West consists of Mexicans, of Japanese, and of Russians.

Senator SMOOT. Of course, so far as my State is concerned, that is not true. I do not know how other States are, and it is only limited to other States. When they could not get the labor, there were some Mexicans here who were allowed to come in temporarily. But that is not so this year. They have all had to go back, and the Russians who came in here from Canada have all been sent back.

Mr. RUBENS. We brought this question up. There is, unfortunately, a late report of the United States Department of Labor, Children's Bureau, showing the effect of working the children in the sugar beet fields in Colorado, a partial review of a part of two counties in Colorado. I will just quote a few words [reading]:

> Postural deformities and malpositions apparently due to strain were shown by 70 per cent of more than 1,000 of these beet-working children who were examined by a physician of the Children's Bureau. The continued stooping when engaged in "thinning" and the lifting and handling of heavy weights in "topping" are believed to affect the growing child's body unfavorably.

Then they go on to show that out of 930 school children from 9 to 16 years of age in the study from home school records obtained 40 per cent were from 1 to 7 years below the normal grade of their age.

They also show an average of 9 to 10 hours a working day of children working between the ages of 8 years to 12 years.

This is all official; this is the official report of the Children's Bureau.

Senator SMOOT. The only time a child goes into the beet fields is for thinning, and all he can pick up is a bit of grass or weeds, or the little beets which have just sprouted.

Mr. RUBENS. These photographs [exhibiting photographs to the committee] show them pulling beets.

Senator SMOOT. Let me tell you, they do not pull beets.

Senator WATSON. They only thin them out?

Senator SMOOT. They plow the beets out and then pick them up.

Mr. RUBENS. Here are photographs [exhibiting further photographs to the committee] showing the topping operations. Here [indicating] are some children engaged at the work, which are very interesting, as they are actual photographs from the fields.

Senator SMOOT. Of course, I do not know who they expected to deceive by saying that children pull the beets out of the ground. That is not done by anybody—man, woman, beast, or anybody else; they are plowed out. And you hardly ever see a child in the fields after the thinning is over. A child can thin beets but with very little effort. When they put the seed in the ground, which is done by machinery, the seed sprout, and always they have to plant more seed than is necessary. But in order that the beets may develop they have to thin them out. If there were any possible way of getting rid of that the beet growers would be very thankful, indeed. But in thinning the boys or girls go along usually on their knees, and just

pull them out where too many have sprouted, leaving one healthy plant there; and that is the limit of the work that they do.

But as far as loading or pulling the beets out of the ground, or topping them, you see men do that.

Mr. RUBENS. I merely was assuming that the Children's Bureau of the Department of Labor was correct in its report so far as Colorado is concerned; and this is a report of the National Child Labor Committee in connection with similar conditions in Michigan [referring to another report].

However, when we come——

Senator SMOOT (interposing). I want to say to you that, so far as the child labor of Utah is concerned, thinning of beets has been a godsend to the children. Instead of their running on the streets and going everywhere, they get something to do, and during 1919 and 1920 some of those children made over $3 a day thinning beets.

Mr. RUBENS. That brings us to another point about the agricultural part of the beet production, and my understanding is that the operation is performed under contract, with laborers who receive so much an acre for the entire agricultural operation from the thinning to the ultimate topping and stacking.

Senator SMOOT. That may be done in some places. In Utah a man never has more than 5 acres, and he and his boys attend to it.

Mr. RUBENS. I am speaking now of contracts which I have seen, and have available forms.

Senator SMOOT. There are contracts; there is no doubt about it.

Mr. RUBENS. Available forms——

Senator SMOOT (interposing). There are contracts; there is no doubt about it.

Mr. RUBENS (continuing). I understand that the present price paid for the agricultural care of the beet after it is planted, and it is thinned, and it is weeded, and it is hoed, and after it is dug by machinery, in some places, it is separated from the dirt that adheres to it, and it is topped, and it is piled and then loaded, is somewhere at the rate of $25 an acre; and according as to how many children there are in the Russian family, so is the measurement of the success of that family resulting in taking 15 and sometimes 20 acres. That is a condition, undoubtedly, not true in your part of the country, but it is true in connection with some of the larger beet-producing corporations.

I further call attention to the fact, on this question of labor, about the proposition with which you gentlemen concerned are doubtless aware, that a man who formerly occupied a very high position in the Hawaiian government is now in Washington for the purpose of obtaining the free admission of Chinese coolie labor for Hawaii which I will say, by the way, is absolutely impossible so far as Cuba is concerned, because of the condition imposed on Cuba by the United States at the time of the ratification and exchange of the reciprocity treaty whereby it was distinctly understood and agreed to by Cuba that she would maintain the same immigration and exclusion laws that we have. So there can not be anything used in Cuba except native labor.

Senator SMOOT. Cuba has not been in the same situation as the Hawaiian Islands, although Chinese can not enter there unless——

Mr. RUBENS (interposing). I wish to call attention to the fact hat there is in Congress such a proposition in order to cheapen the abor in the Hawaiian Islands.

Senator SMOOT. It is not altogether the cheapening of the labor, I want to say to you, because I know the situation very well. The Hawaiian sugar business is absolutely in the control of the Japanese. You can not do anything in the Hawaiian Islands unless you have the consent of the Japanese; in fact there are only two classes of labor that amounts to very much there that would ever work in the cane fields, and you know what a different job it is after it is burned and how they have to load it, and it is an awful job, and the Japanese absolutely control conditions in Hawaii.

Mr. RUBENS. As to the increase of the Cuban crop, I have already alluded to the fact that the coming crop will not be 3,900,000 tons as last year, but about 3,000,000 tons. That comes about through various sources of a changed condition in Cuba. One is that there was no replanting in 1921 for the 1922 crop, perhaps for the best reason in the world that there was no available money.

The next thing is that despite the fact——

Senator SMOOT (interposing). What do you mean by "replanting"—the seed?

Mr. RUBENS. By "replanting" I mean, Senator, that in certain parts of the Island of Cuba, notwithstanding all that you hear of the wonderful fertility of the soil, particularly in the western part of the island which has been cultivated for nearly a century constantly, you must replant; you must put the plow into the rattoons and tear them out and replant them then to the extent of 20 or 30 per cent a year.

Senator SMOOT. What I meant was, rattoons or seed?

Mr. RUBENS. Yes. The cultivation of cane, also due to the lack of funds, was not up to the usual agricultural performance in Cuba, and that means another shrink.

There is another possibility, but that is only a possibility, and that is by reason of faulty cultivation and excessive rains during the growing season there will be a shrinkage in yield.

Senator SMOOT. It is agreed by all that the production in Cuba this year will not exceed 3,200,000 tons.

Mr. RUBENS. They have at least had that virtue, if only from necessity, they have not voluntarily replanted any cane for the coming crop.

Senator SMOOT. If something does not happen here to take care of the beet sugar people, there will not be any replanting at all.

Mr. RUBENS. The beet sugar people, unfortunately, took their chances, because after it was proven that both they and the Cubans had a surplus, after the Sugar Sales Commission was appointed in February, in order to take care of the market of the Cuban surplus and Cuban crop, it was then that the beets went into the ground to an unfortunately large extent.

Senator SMOOT. We could not avoid it. The contracts were made, and the contract was made on the basis of $12 a ton for beets.

Mr. RUBENS. I am not criticizing, but I am trying to prove that the present difficulties are not entirely due to the acute foolishness of the Cubans themselves.

Senator SMOOT. And that was done under the direct instruction of the Attorney General?

Mr. RUBENS. They have in Cuba, as well as you in the beet sections, suffered from the intervention of the American Government, and from the point of view of the foreigner he at least has some measure of charity and courtesy due him in the consideration of his problem.

I want to say further something as to the criticisms of the Cuban people, not here but elsewhere: The statement was made that the Cubans are ungrateful; why should we do anything for them? Why should we have any consideration? When the high cost of living was bothering all peoples of the earth, when the prices began to crash in Cuba and elsewhere, the American Government—you see I am still speaking of the American Government—appealed to Cuba in order that Cuba might protect American producers of rice, who had made consignments and sales of rice—a great necessity in Cuba, a daily food and prime necessity of life; at prices that were very high. Cuba did not say, "I am for Cuba first. I do not care anything about the United States rice people, or the United States banks." Despite the fact that it was inordinately high in Cuba, they placed an embargo on the importations of rice at the request of the American Government and for the benefit of the American rice industry.

Senator SMOOT. And on a very high price for the rice?

Mr. RUBENS. At a very high price for the rice.

Senator SMOOT. Which was the price Java was asking, and the price that they could bring it from Java into Cuba?

Mr. RUBENS. Yes.

Senator SMOOT. That is all it was.

Mr. RUBENS. But the embargo was there, and a free trading proposition would have relieved the necessities in Cuba, and would have reduced the cost of living, and yet Cuba did not say "Cuba first."

Senator SMOOT. Because she has always had every chance in the world to come in at 20 per cent preferential with her main crop. I am not complaining of that, nor am I complaining against Cuba, I am just looking out for the United States.

Mr. RUBENS. About the differential, I am going to quote an authority with which you do not entirely agree, Senator. It is, however, an authority; and that is the Tariff Board. They say on page 329 of their 1919 publication, that "the reciprocity arrangement did not result in any sales to the United States of sugar, which but for the reciprocity would have gone elsewhere."

Senator SMOOT. That was true under conditions.

Of course, at that time England was perfectly willing to buy sugar anywhere in the world.

Mr. RUBENS. And let me go on to say as to the reciprocity treaty [reading]:

In this year (1913) the amount of protection to the domestic producers and the producers of the noncontiguous territories was less by the amount of Cuban preference than the rate of duty on the tariff act. In 1914 up to the outbreak of the war the American consumer was getting the whole of the benefit from the preference to Cuban sugar.

That is to say, that the Cuban had lost his preference and the American consumer was getting the advantage of it; and that is the situation acutely now and will be the situation so long as Cuba has a sufficient amount of the sugar; the difference between the full duty and the preferential duty is not for the benefit of the Cuban.

But I want to be perfectly fair, Senator, and admit that when you raised the tariff from 1 cent to 1.6, then the old principles which we recognize as good protectionists took effect; that is, the foreigner pays for the increased duty, and the American manufacturer, on the other hand, so far as his production is concerned, gets the benefit of that increase of impost upon the foreigner.

Senator SMOOT. We do not disagree on that at all.

Mr. RUBENS. I just want to call attention of some gentlemen to the fact that when you say that Cuba has this preferential she has in fact lost her preferential so far as full-duty-paying sugars are concerned, and she has lost it ever since she produced a little more than enough than was required to come to the United States.

When we say to Cuba that we are giving her this market, why, Senator, if we could produce in this country and did produce all our needs and requirements, there would not be any market for Cuba. We are not giving her anything except that to which she is entitled because of her proximity and because of her close political relations to the United States and because we need her sugar.

On the other hand, it is said that we Americans have given everything and received nothing. In the past 10 years the exports from the United States to Cuba have been in round numbers nearly $1,600,000,000. Cuba by reciprocity treaty has granted the United States not 20, but 25, 30, and 40 per cent. So, taking the average as that of the minimum 20 per cent, American manufacturers have in the past 10 years received the direct premium or benefit to the extent of $320,000,000, and it is because they have received that direct premium and benefit, and because of the increase of trade by producers in the United States that they have joined the committee over which I have the honor to preside, and place before you in evidence the necessity of keeping up their trade, by not completing the ruin of Cuban industry just as they have no desire to see any American industry ruined. We ask you to weigh very carefully not merely a local business of certain States in the West, not only the interests of certain stockholders in the beet and cane industries of continental United States, but the interests of those who have invested—according, again, to the gentlemen of the Tariff Commission—because "the United States has greatly profited by the opportunity of profitable investment of capital in Cuba," which you will find on page 322 of their 1919 statement.

There seems to be some little confusion about the question of what was the Equalization Board's profit at the time of the purchase of the Cuban crop by the United States. I do not want to take the time of the committee to read the few figures which I have jotted down, but I do wish to call your attention to a statement showing that the Equalization Board's profits, not profit to the refiners, but the profit which was established over and above the margin, went, so far as the domestic producer is concerned, to his benefit, and, so far as the Cuban producer is concerned, it went to the benefit

of the Equalization Board and became merged in the Treasury of the United States.

With reference to the question of child labor, it does not seem to have been the custom in the State of Utah. I have here as far back as 1916, for February, the child labor bulletin showing the conditions in Colorado, and portraying the conditions in the schools at the time of full attendance and at the time of the beet harvest. Some of these are very interesting indeed.

Senator McCUMBER. Do you know of any farming community in the whole United States where children do not work as soon as they are big enough to work?

Mr. RUBENS. But during the school year——

Senator McCUMBER (interposing). Many of them work during the school year, at least at all times when they are required to do the work. The harvest time is generally the time of vacation.

Mr. RUBENS. Yes; that is true.

Senator McCUMBER. Conditions on the farm, so far as I know them, could be much worse than they are to-day. Isn't it a fact that the child, from the time it is big enough to hunt eggs until the time it can do heavier work, has to do some work on the farm?

Mr. RUBENS. That is true in a way. But these children are not usually American children. They are children of foreign birth and foreign extraction. I have here a little report, which was made confidentially, showing the conditions. The observer says:

> It is making the problem of Americanization more difficult. The American children are beginning to make much of this class distinction. I asked a boy at school if he ever worked in beets. He said, "No, indeed; we Americans don't have to; we make the Russian and Mexican kids do that."

In the Russian families a large number of children is considered a prize. The statement I have in regard to this is as follows:

> A Russian counts each child as an asset, and when his wife bears him a new boy he considers himself $5,000 better off. Their women are valued for the number of children they can bear. One a year is the rule, more if possible. A child is seldom called upon to support his widowed mother, for there is no such thing among them as a widow with children. The more children she has the quicker she is married again. If a young man can marry a widow with children he considers himself just that much ahead. A minister of these people tells of a Russian who was burying his wife. While standing by the open grave he had his hand over his eyes with his fingers spread, and was crying with one eye and looking for a wife with the other. He was married again in a very short while.

I shall submit this bulletin of the child labor organization and also some extracts from confidential reports showing the conditions of all workers.

(The bulletin referred to is as follows:)

CHILDREN WORKING IN SUGAR-BEET FIELDS IN COLORADO.

The United States Department of Labor, through the Children's Bureau, has just issued some preliminary figures regarding the findings in a study of children who work in the beet fields, one of a series of studies which the Children's Bureau is making of the work of children on farms.

The study covered parts of Weld and Larimer Counties in Colorado, and included 1,077 children under 16 years of age who did beet work. While some of the beet growers plant small acreages and depend upon their own families to do the handwork which is involved, the great majority hire contract laborers for the handwork. Over seven-tenths of the working children were the children of these contract laborers. In the area studied in Colorado four-fifths of the laborers were resident; that is, they

ved in towns near the beet fields, moving out to the farms in the spring and returning to their homes after the harvest. About 70 families, however, were those of transient laborers, recruited by the sugar companies, often from distant parts of the country. Many of them were attracted to the beet-growing areas by the fact that the whole family could work in the fields.

Children thinned out the small beet plants in the spring, hoed, pulled up the beets, and "topped" or cut off the beet tops at harvest. The worked at very early ages. Over one-fourth of them were under 10 years old, a small percentage under 8. Less than one-fifth were as much as 14 years old. Considerably over half were from 9 to 13 years of age. Physically, the most harmful feature of the work probably lies in the long hours. From 69 to 85 per cent (according to the process in which the child was engaged) worked 9 hours or more a day. From more than one-seventh to one-third (again varying with the process) worked 11 hours or more. Thinning and blocking in the spring and pulling and topping in the autumn are both done under more or less pressure; the first process must be done before the beet plants grow too large; the second before severe frosts occur. Hoeing is done in a more leisurely way during the summer, but it is the spring and fall processes in which the younger children are most generally used. The average working day for all processes was usually between 9 and 10 hours. Postural deformities and malpositions apparently due to strain were shown by 70 per cent of more than 1,000 of these beet-working children who were examined by a physician of the Children's Bureau. The continued stooping when engaged in "thinning" and the lifting and handling of heavy weights in "topping" are believed to affect the growing child's body unfavorably.

Mr. RUBENS. The point about it is that these workers are not American farm workers; they are not American citizens; many never will be. They are Japanese; they are Mexicans; they are Russians of a certain type that perhaps never will become citizens, or, if they do, they will be the fathers of children and the mothers of children that, for lack of education, will be a real menace to the community, because as they grow up in vast numbers they can outvote the local American population. And then you are going to have another local question besides the question of tariff on your hands.

I shall say this, further, about the cost of production in Cuba. The cost of production is not the reflex of the present sales price. When the point was brought out to-day that sugar for January delivery is 2 cents a pound, I wish it distinctly understood that this is not a reflex of the cost of production of that sugar, because there has not been a sale of sugar from Cuba, or, I am willing to admit from any other source, that has come into this market since the beginning of this year that has not been sold under the cost of production. But, gentlemen, sugar—the beet-sugar industry and the cane-sugar industry of Louisiana—is not alone in this plight. There is not a single industry in the United States that is not in the same plight. You may look at your farmers who are raising corn and wheat and oats. They are in the same plight. Look at the production of steel, of copper, or of any commodity of which there has been a surplus or a hangover, or even where there is not any in the hands of the producers, but the United States Government, through its war purchases, has a great surplus. You will find that same condition in many other lines of industry.

It is not because we are fearful that the tariff which is proposed to you in the Fordney bill is not a remedy for the specific needs of the moment that we ask for your consideration, but it is because we fear that by reason of the peculiar circumstances of the moment you will be argued into taking action definitely on a tariff which is going to prevent Cuba from ever coming back and from ever making profit because of a law which, when once placed on the statute books,

we may not be able to persuade you to expunge, and which, as I hope to show you, will prevent Cuba absolutely from making any profit on a prewar basis.

Six-tenths of a cent, which is an addition to the tariff as it existed before the emergency tariff bill, represents upon the unit of production in Cuba, which is sack of 325 pounds, $2 per bag.

I wish to call the attention of the committee to the fact that in prewar times the best situated mills in Cuba were satisfied with a profit of anywhere from one to two dollars a bag. This six-tenths of a cent (additional to the tariff paid before the passage of the emergency tariff bill) which is sought to be perpetuated in the Fordney bill is just $2 per bag. If the principle of protection, as we understand it, worked out properly in normal times at the old rate, never mind whether it works out now.

What I am afraid of is that you are going to legislate under abnormal conditions and in so doing continue to paralyze Cuba when normal conditions come along.

I say that that $2 a bag which Cuba will have to pay is harmful, because if the exporter, the foreign exporter, does not pay the tax, then the American consumer pays it; and I believe we are all good enough protectionists not to believe the latter. This extra 60 cents a hundred, or this extra $2 a bag, on the unit of Cuban production, simply means that when normal conditions are reestablished, the Cuban sugar mills best situated can never hope for a profit.

I want to call the attention of the gentlemen who are producing sugar in this country to a few serious facts. They and the Cuban producer are really in the same position. The ruin of one is not going to help the other; the ruin of Cuba is not going to help the beet industry. Quite the contrary. In the process of ruining Cuba you will be up against what they are now, which is this—ruinous and bankrupting competition against which there is no tariff protection. There is no protection against that. The worst thing that can happen is the continued lack of credit from which the Cuban industry suffers, and that is why, despite the increase of the tariff by 60 per cent, the price has not increased. It is because the supply was too great; because there was no credit in Cuba to hold the sugar and because those who suffered from necessity had to dump their product on the market; and that condition will be more acute when the control of the present Finance Sales Corporation is off.

Senator WATSON. What tariff will you be content with?

Mr. RUBENS. I am not a plenipotentiary of Cuba, but I am simply arguing the facts for your decision, keeping in your minds that what we want is not the amputation of a leg on the theory that it will cure the itch.

Senator WATSON. You have been arguing in generalities in an attempt to show the production in Cuba and in the United States, but you have not told us what you want.

Mr. RUBENS. One cent. We want that under which there was ample security for the American product.

The point of fact is they have increased their factories. The point of fact is that they have declared, despite all the troubles and difficulties that they tell you they have gone through, heavy dividends. In some cases, I believe there was a 100 per cent stock dividend

n other cases, a 47.5 per cent extra dividend in one year. They have been prosperous. There is no jealousy on the part of the Cuban producer, but we see that the situation is such in Cuba that it has become necessary for this Government, not only to exercise, as it always has, a protectorate in Cuba, but to send a plenitotentiary to Cuba for the purpose of counseling, advising, directing, and restraining on all subjects, not only politically, but economically.

That raises a question entirely different from that of any other nation in relations with the United States. We need not go back far in the history of Cuba and her relations with the United States. Some gentlemen have said, "You spent too much money on her." I think, so far as the people of the United States are concerned, they have never regretted, and they never will regret, having declared in the war with Spain for the principle which later was consolidated in that greater war through which we have just passed. It was the first time that a great Republic sacrificed its treasure and its blood for the purpose of establishing another free government.

Not content with that, it became the champion of that government. It has protected it; it continues to protect it. But there is no use in protecting it physically, if you are going to ruin it economically, and there is absolutely no reason why the beet gentlemen should fear annexation any more than they should fear intervention, because if we should actually intervene, not in name as we did and have, through the presence of Gen. Crowder in Cuba, but if we step in and tell the Cubans, "You can not keep your house in order; you can not run your government properly; you are a menace to the existence of such a stable government as is covered in the Platt amendment and the treaty, and therefore we will take charge of you," then this country could do only one thing, which would be to show to Cuba and to the world that, having taken possession, it could do better than Cuba; and it could not do better than Cuba if it did not right the question of the income of the Cuban Government. That income depends upon customhouse receipts, and, in turn, they are dependent upon the purchasing power of the people, and the purchasing power of the people is dependent upon the economic and trade conditions in Cuba, which are all based upon the main crop—sugar. Therefore, if there is any intervention, the United States would either fail in getting a sufficiency of revenue, or it would have to do what was done when the Republic of Cuba was first established and when Secretary Root, who has been quoted to you, made his declaration of principle, and when President Roosevelt made his, and when that great banner bearer of protection, Mr. Payne, among other things, said that "the United States would be recreant in its duty if it failed to create conditions which, by assuring Cuba a favorable market, would render her prosperous."

And in the debate, against all the protests of the gentlemen whom you are about to hear, and who have told you in past years how the admission of free Hawaiian sugar, the admission of free Porto Rican sugar, and how the admission of the Philippine sugar would affect conditions, he held to his view.

I do not blame them for wanting to get as much as they can, but I ask you gentlemen to consider the history of the protests of these

very same interests. They have cried "wolf" so long that I think you ought to look into the facts and the figures. The fact is that, despite the influx of island sugars free of duty, they have continued to increase and to prosper.

A situation would arise under the circumstances that I have endeavored to point out which would cause any governor who might be named in case of intervention in Cuba to use the same words Governor Wood used in 1902. He said, "Relief must be granted and granted quickly or a condition will arise which will render the establishment and maintenance of the stable government highly improbable."

This is not an ordinary tariff question.

The peculiar relationship, once established, and now continued with Cuba, our real intervention through a resident representative with almost plenary power and with tacit veto power when occasion arises, must not be lost sight of. He may suggest to the Cuban Government, or to the legislature, or the President of Cuba, what legislation is beneficial to Cuba. It is all done in the best of faith; it is all done for the benefit of Cuba. That raises the question if you can properly say that, as between the United States and Cuba, you are always for the United States first.

Now, as to the question of the advantages of reciprocity. I doubt whether you gentlemen, even if you have been in Cuba, realize the great demand for American products which exists in Cuba, and which one might almost say exists in no other country of its size and potential wealth. Cuba manufactures hardly anything. It purchases, not only manufactures in the United States, but it purchases vast quantities of food products in the United States.

When you arise in the morning, your pajamas, your slippers, the soap you use, the dentifrice, the brush, the sheets you slept on, the furniture—all is imported and is usually imported from the United States and has enjoyed the great benefit of the additional tariff allowance of 25 to 40 per cent.

As you go through your daily life in Cuba, all the eggs that you consume, the milk that comes in to the extent of $4,000,000 worth in a year in cans, the vegetables—in fact, everything that you use in the way of clothing, outward and inward, from hats to shoes comes from the United States.

And that is why the trade with Cuba is so very essential. That is why the gentlemen who have formed our committee are asking you please to consider, in connection with this tariff, not the question of the protection of a certain locality or one certain industry but to consider that the manufacturers, the exporters, and the merchants of this country have been doing an enormous trade, that they have debts due from Cuba which they hope to collect; and they hope that there will be such tariff legislation as not only to enable the Cuban people to pay their just indebtedness, but to make them good customers in the future.

There are millions of dollars invested in American enterprises there that seem to me to have the same right to protection. There is $1,000,000,000 of it as against $175,000,000 at the outside, in the beet industry. The question is whether this is going to be legislation for the greatest good to the greatest number of American citi-

zens, not only for those stockholders who have interests in Cuba to the extent of a billion dollars, but for those merchants and laborers who are manufacturing articles for export commerce to Cuba.

Then I come to the question of the farmer. Mr. Atkins has read to you a series of imports in 1920 representing farm products. It runs to the extent of about $100,000,000.

The farmer is very much of an exporter and business man so far as Cuba is concerned, because Cuba, outside of a little tobacco, produces nothing but sugar and has to buy her corn, her wheat, and her foodstuffs of all sorts—potatoes, canned goods, butter, eggs, meat and hog products—from us.

I do not speak as the representative of the farmer, but if the farmer in this country knew what is at stake, he and the other business men in this country would demand at once that Cuba should be so treated as not to be prevented from again becoming a valued customer of the United States.

Again, I insist, gentlemen, that you must not be swayed by the conditions of the moment, which are just as bad for one industry as they are for the other; and I beg of you not to place our decision upon the facts as they are presented at the moment with reference to the great over-plus and the smaller demand, but to look upon this tariff question in the broadest possible light, so that your decision will be not only a decision on the tariff question, but it will be a decision which involves a great principle—the principle as to whether, you might also say, quoting a Democratic candidate for the presidency who once was defeated, for saying the "Tariff is a local issue."

My hope is that you will decide to the effect that the tariff is not a local issue, and that the people who have investments in Cuba are under the protection of the United States, and not merely under a foreign government, as was suggested to-day with respect to Germany, an ex-enemy. They should be taken care of. That includes our producers, manufacturers, the farmers—yes, even the refiners, who have an investment of between four and five hundred million dollars, as against $175,000,000 invested in the beet industry. Even those companies are Americans, and their stockholders have equal rights with the stockholders of the gentlemen in the West.

Now, let me take up a question of comparison. We have passed an emergency tariff bill. We have given the American farmer, the producer of wheat, 25 cents a bushel at a time when the selling price was about $1.35, or about 20 per cent ad valorem. On an ad valorem basis the same emergency tariff bill, on a product that comes into the United States and is refined here, gives a profit and supports labor and another industry, imposes somewhere in the neighborhood of 80 per cent ad valorem. And the same bill, paragraph 506—and I am now speaking of the Fordney bill—provides: "Sugar candy and all confectionery not specially provided for, and on sugar after being refined, when tinctured, colored, or in any way adulterated, 30 per cent ad valorem." So we call attention to the inconsistency of a bill that provides for the raw product which is brought into the United States, and which gives a profit to the American industry, which gives a profit to the American workman, an 80 per cent ad valorem, while the finished, manufactured product, pays but 30 per cent ad valorem. The question

may be raised, just as it was raised in the House by the gentlemen who want as high a tariff as they can get, that this Government needs the money. Well, gentlemen, if this Government needs the money and it must have its income from one of the elements of the breakfast cup, perhaps the other elements of the breakfast cup should share that burden.

The tariff information surveys of the Tariff Commission, under the heading "Competitive conditions," state that "in all the regions in which domestic sugar is produced, except perhaps Louisiana, a considerable proportion is produced at a cost as low as, or lower than, the marginal Cuban cost. Such producers would be able to continue to compete with Cuba if there were no duty, although their profits would be less."

Again, the same authority says: "Taking the industry as a whole, roughly speaking about 20 per cent of the output is dependent upon the tariff."

The question of relative cost of production, gentlemen, as Senator Smoot pointed out, can not be arrived at by taking the enormously high cost of production of badly situated producing units, and comparing that cost with the low cost unit which is favorably situated on the other side. As he truly said, we have to take the law of averages, and you need not take my word as to the comparative necessity for protection. I beg of you not to take the word of these other gentlemen, who, as I said before, sharpen their pencils at both ends, and when they figure begin to figure back from the answer, as we did when we were in school, in order to find out by what method they are best served. Here is the information from the Tariff Board, and I assume that they are honest in their statements when they point out that only 20 per cent of the less favorably situated producers are dependent upon the tariff at all.

When the argument started to-day, emphasis was put upon the question of the refiners in connection with the beet industry. Testimony was read from the Hardwick committee. I think it was best stated by Mr. Thomas, who was the president or chairman of the board of the American Sugar Refining Co., as successor to Mr. Havemyer, when he said, "We went into the beet-sugar industry because that was the only way in which we could share the benefits of the protective tariff." They went into it further, of course, because they wanted to have a possible income from a source which might in the end wreck the entire operation of the refining units in the East.

If the prophecy of one of the high priests of the beet industry whom I see seated here and who once said, "If you give us only a moderate protection, within 10 years we will be exporting beet sugar to Germany," had been fulfilled, things would be different. Unfortunately, that prophecy has been as false a prophecy as the various prophecies of the gentlemen interested with regard to the absolute ruin of their industry.

Every time a question has come up as to whether a certain amount of sugar would come in at a lower rate of duty, as in the case of the negotiation of the reciprocity treaty, or as in the case of the islands which are now a part of the United States, their entire sugar crop, they were very certain, would be ruined; and you will hear to-day that they are going to be ruined once more.

The question was raised as to another provision of the Fordney bill hereby 25 per cent reduction should be allowed to certain American roducers of sugar if they imported a certain quantity of sugar, which ould be twice as much as they produced or refined from American roduction.

Mr. Atkins said that this, to his understanding, was a violation of e reciprocity treaty. I would like to say just one word in explana-on of that situation. It will be answered that if there be a rebate 25 per cent of the duty, the full duty being 2 cents, as proposed that bill, that means 1½ cents for the full duty paid sugars; and. y the same token, if Cuba pays $1.60 a reduction of 25 per cent in er case would mean $1.20, so that, making such a comparison as at, it may be argued that Cuba is not being discriminated against any way.

But, gentlemen, that is not how it will work. The situation now that the full duty paid sugar is sold on the basis of Cuban sugar, nd therefore the full duty paid sugar must absorb the difference etween the Cuban rates and the full rate. In other words, the efiner buys the sugar at a lesser price and then adds the full duty, r 2 cents, to it, and that sum total is not more than the Cuban ugar with $1.60 added to it. But the refiner gets a drawback and herefore the refiner, under these circumstances, will buy only the ull-duty sugar. He will not buy the Cuban sugar because he will et 2 cents a pound drawback for what he pays 1½ cents for. In he other case, he will get only $1.60 for which he paid $1.20. In ther words, it is not human for you to expect the refiner to give uba the advantage of this 25 per cent and therefore it is a violation f the spirit, if not the letter, of the reciprocity treaty between Cuba nd the United States.

I think you will find that the trend of argument will be that Cuba as brought upon herself her present situation and also upon her onfreres in the sugar business by having produced what appears o-day to be an unmarketable surplus.

I have touched upon this phase very little. Cuba, when she plants ane, can harvest for a number of years. She has planted nothing ince the evil days came upon the sugar market. That is not so in onnection with the beet industry. They knew that there was a urplus of sugar, but they hoped that that would be absorbed, and hey contracted in order to produce a larger crop under the present ircumstances than they have ever produced in their history. I merely mention this again to try to avoid the argument that Cuba alone is responsible for the evil days which have fallen upon the sugar market.

Another one of the charges against Cuba is speculation in 1920. About 20 per cent of the sugar crop of Cuba was sold, before grinding began, at prices varying between 6½ and 7½ cents a pound to Cana-dian, Australian, and European buyers. At the end of 1920 less than 10 per cent of the entire Cuban crop remained in the hands of the Cubans—about 350,000 tons maximum, as against 800,000 tons which were exported practically by behest of the American Gov-ernment from other countries.

Speculation in sugar, as was said by some one here to-day, was not brought about by Cubans alone; it was brought about by the fixation

of prices for Louisiana refined sugar long before the Cuban crop began. Everybody took advantage of it. Cuba should not b blamed.

Cuba is further charged with having such maladministration tha her present financial condition is brought about by her laxity an ignorance and the loss of her principal local banks through her ow fault and neglect. There may be something in it, but I wish to cal the attention of this committee to the fact that we have twice inter vened in Cuba. We have twice had the opportunity, which w exercised, of amending the laws, and we Americans did no bette than the Cubans in the establishment and the proper legal contr of banks and the banking system.

We are told, furthermore, that the present condition of Cuba, s far as her government finances are concerned, results from the fa that she lives beyond her income; that her budget is such that he income can not possibly meet her expenditures. In answer to tha gentlemen, I ask you what Government there is in the civilized worl to-day that is living within its income or within its budget? An the answer is, not even we, the people of the United States.

The question of Cuban deficits, and that she can not pay even he ordinary monthly pay roll until the end of the month, is one whic I think we ought to consider in connection with our own histor I think we ought to remember that in the history of this Govern ment, in the youth of this Republic, there was a time when there wa insufficient money to pay for the stationery of our Department o State. That was about the year 1816.

As far as banks are concerned, every student of American histor will remember the terrible, universal crash which occurred in th history of our own country after the revocation of the charter of th first bank of the United States.

We are also frequently reminded that Cubans are a bad lot; th they are always in trouble; that they have had frequent local dif culties. That is true, and so is it true, gentlemen, that the Unite States of America has gone through the same course of experienc We had Shay's rebellion. As a result of that, if my memory is not fault, one of our great statemen wrote a letter in which he said th he gloried in the virility of the spirit which resulted in that demo stration of interest in the affairs of our country, and he hoped th every once in a while there would be public spirit enough to cau another uprising. That was Thomas Jefferson.

Now, let us, in the consideration of this question, if you pleas remember that every sugar producer is to-day suffering as eve producer in every line is suffering, and that we hope to arrive a condition where we all may be prosperous, but we should not dri the Cuban producer into additional discredit and bankruptcy a force him, either to seek political annexation or to go to the despera measure of bankruptcy. Any competition which will give nobody chance of livelihood will be as destructive of the people who dema it as it will be destructive of the people who are required to ma this supreme sacrifice.

I ask the committee to consider in this measure before them only the present but the future, not only the question of the relati of the stockholders of the West, but also the stockholders of the E

he American stockholders of the investment in Cuba of a billion ollars, the trade of the United States, the good faith of the United tates to Cuba, which will have its echo in its relationship to trade with all the Spanish-American countries.

You have to sit as more than the Finance Committee in the decision of this question; you have to consider foreign relations, because Cuba is foreign, although our ward. You have to consider the interests of merchants and manufacturers, of investors in other parts of the country, and not the mere local question confined to a restricted territory in these United States.

I shall say in closing that in the last days of the life of Senator Hanna, whom I knew very well, he once said to me, "There was a time when I considered the wishes of my party and of my State of Ohio as paramount and supreme, and I acted accordingly. I have now, in the maturer, riper years of my experience, realizing the true duty of a United States Senator, come to the conclusion that I am the representative of the whole people of the United States and I must look upon every question that comes, not in the light of a member of the Republican Party, not as a representative only of the State of Ohio, but as a representative of the majority of the people and the majority interests."

I want to call your attention, finally, to the words expressed by Mr. Harding, when, at the beginning of this year, he opened up communication with the President of Cuba on the long-distance telephone between Habana and the mainland and expressed his uttermost sympathy with the dire distress and calamities which had fallen upon Cuba through the crashing of banks simultaneously with the evil condition of her main industry, and in which he promised her all the aid and support we could render. I hope, gentlemen, that with the Executive of this Nation reaching out the hand of help and sympathy, the Legislature of this Nation will not so decide as to deny that help, that aid, that sympathy, which was tendered by the President in that conversation with the then representative of the Cuban people.

Letter of R. E. Desvernine on Cuban Reciprocity.

New York, *December 22, 1921.*

Horatio S. Rubens,
Chairman American Committee on Cuban Emergency, New York City.

Dear Mr. Rubens: At your request I have considered the emergency tariff act and the proposed Fordney tariff act in their respective sections referring to Cuban products in the light of the historical and traditional policy of the United States toward Cuba, and take pleasure in giving you my opinion from such study that the emergency tariff act and the proposed Fordney tariff act in said sections constitute a reversal of the traditional policy of the United States toward Cuba and a breach of the clear and undoubted duty which the United States Government owes to Cuba.

The enactment of the emergency tariff act and the proposed Fordney tariff act is a clear departure from the commitments of the policy of reciprocity as established between the United States and Cuba and also practically a disavowal of the close political and commercial relationship between the United States and Cuba, as set forth from the beginning by leading statesmen.

On December 11, 1902, a treaty of commercial reciprocity was entered into between Cuba and the United States, Article VIII of this treaty reading as follows:

"Art. VIII. While this treaty is in force the rates of indebtedness which result for the importation into the United States from the Republic of Cuba by virtue of the rebates stipulated in this treaty are, and shall continue being, preferential over similar articles of merchandise from other countries; and in compensation of the said pref-

erential rights granted the Republic of Cuba by the United States it is agreed th the concessions made on the part of the Republic of Cuba to the products of the Uni States are also, and shall continue being, preferential over similar products of oth countries; it being understood that—while this treaty is in force—no sugar import from the Republic of Cuba and which is a product of the soil or of the industry of t Republic of Cuba shall be admitted into the United States with a reduction of dut of more than 20 per cent of those established by the tariff law of the United St approved July 24, 1897, and—while this treaty is in force—no sugar which is a pro uct of any other foreign country shall be admitted by treaty of 'convencion' in t United States with lesser duties than those imposed by the tariff law of the Unit States approved July 24, 1897."

It will be observed that this article stipulates that the reduction allowed to Cu shall not be extended to any other country and the proviso of said article establis that during the continuation of the treaty no Cuban sugar should be admitted to t United States at a rate of duty lower by more than 20 per cent than the duty imp by the tariff act of 1897, and no sugar from countries other than Cuba should be a mitted by treaty or covenants into the United States at a lower rate of duty than t provided by the act of 1897. This agreement has been in force continuously si 1903, except that the aforesaid proviso in Article VIII was abrogated by Section IV of the United States tariff act of 1913, at which time it was abrogated on the the that after May 1, 1916, sugars were to be admitted free into the United States, an now threatened abrogation by section 319 of the Fordney tariff act without a compensating consideration being suggested in its stead.

That the duty preferential on Cuban sugar will continue, even under the Ford tariff act, seems clear, as section 319 is a verbatim reproduction of Section IV-B the tariff act of 1913, in respect of which the Attorney General of the United Sta in his opinion of February 20, 1914, said:

"Clearly it was the intention of Congress as long as any tariff remained on sugar t continue the preferential to Cuban sugar. This was the spirit of the treaty and a of 1903, and the purpose of Section B-IV is to carry out that spirit."

Granting that the Congress of the United States has the constitutional power, a matter of internal legislation, to abrogate and repeal the aforesaid proviso of Artic VIII of the treaty of commercial reciprocity, let us consider, however, whether su an attempted repeal and abrogation is not a violation of international law, arising o of a breach of the reciprocity treaty with Cuba, and, as stated above, a radical chan in and reversal of the traditional policy of the United States toward Cuba.

That it is an express and direct violation of the letter of the treaty needs no suppor ing argument, as it by its very terms expressly abrogates and repeals same in th following phraseology:

"Except as to the proviso of Article VIII of said treaty, which proviso is here abrogated and repealed." (Extract of sec. 319.)

As to whether or not it violates and offends the "spirit" in which the treaty w conceived and the object which it was intended to serve, and also as to whether it a radical departure from the traditional policy of the United States toward Cuba, h been conclusively determined by the historical study hereinbefore made.

As early as January, 1901, a commission of Cuban planters and merchants came Washington and made representations to Congress respecting the improvement Cuban commerce, which, however, were not given adequate consideration by Congre at that time, because Congress was concerned strictly with the political aspect of t relations between the two countries. (57th Cong., 1st sess., H. Doc. No. 535, p. 40 Cuban overtures for a treaty of commercial reciprocity with the United States becam more insistent during the summer of 1901, and the provisional military governme which still controlled the island, supported the overtures of the Cubans. In fa the provisional military government even financed a campaign in the United Sta to inform the country "of the desires of the people of Cuba as to * * * trade re tions." (57th Cong., 1st sess., H. Doc. No. 679.) In December, 1901, another co mission of prominent Cubans petitioned the United States Senate for the enactme of a law which effected a reduction of 50 per cent from the Cuban tariff rates in retu for a reduction of similar amount on the American tariff on Cuban sugar and mola

President Roosevelt and his administration cordially reciprocated the demands the Cubans in this respect. In his annual report for 1901, Mr. Root, then Secreta of War, expressed emphatic approval of the policy of extending tariff concessio to Cuba. He declared that—

"Aside from the moral obligation to which we committed ourselves when we dr Spain out of Cuba, and aside from the ordinary considerations of commercial advanta involved in a reciprocity treaty, there are the weightiest reasons for an Americ

public policy rounding in the same direction, for the peace of Cuba is necessary to the peace of the United States; the indepencence of Cuba is necessary to the safety of the United States. The same considerations which led to the War with Spain now require that a commercial agreement be made under which Cuba can live. The condition of the sugar and tobacco industries in Cuba is already such that the earliest possible action by Congress upon this subject is desirable." (57th Cong., 1st sess., H. Rept. No. 1276, p. 1.)

President Roosevelt in his message to the Fifty-seventh Congress (57th Cong., S. Doc. No. 405, p. 1) said that the United States was "bound by every consideration of honor and expediency to pass commercial measures in the interest of her (Cuba's) well-being."

The United States Tariff Commission, according to its report made in December, 1918, pointed out that even at so early a date as 1901 the domestic beet-sugar and cane-sugar producers exerted what influence they could to prevent the granting of concessions upon Cuban products. Their efforts then failed because the United States Government regarded it as a superior duty and necessity to insure the economic stability of a free and prosperous Cuba. This issue was then met and decided, and its de novo consideration at this time, under unchanged conditions, seems inopportune.

In January, 1902, the question was again agitated, and it is significant to note that the Cuban side was presented in a communication from Military Governor Wood to Chairman Payne, of the Ways and Means Committee, in which it was pointed out that the planters had exhausted their resources and that a crisis was imminent. In the judgment of Gen. Wood, one of the foremost obstacles to the recovery of Cuban agriculture was the uphill competition with the bounty-fed sugar of Europe and the highly protected product of the United States. "Relief," he declared, "must be granted and granted quickly, or a condition will arise which will render the establishment and maintenance of a stable government highly improbable." (57th Cong., 1st sess., H. Doc. No. 535, pp. 648–649; also 57th Cong., 1st sess., Congressional Record, 35, 1902, p. 4629.)

While the bill was before Congress, the government of the island, on May 20, 1902, had been turned over to the Cuban people. Subsequently, on June 12 of the same year, President Palma cabled to President Roosevelt an earnest petition for legislative relief, before it was "too late and the country was financially ruined." (57th Cong., 1st sess., S. Doc. No. 405, pp. 1–3.) President Roosevelt immediately sent a special message to Congress, in which he again drew attention to the exceptional circumstances of the case:

"We expect Cuba to treat us on an exceptional footing politically and we should put her in the same position economically. * * * I ask that the Cubans be given all possible chances to use to the best advantage the freedom of which Americans have such a right to be proud and for which so many American lives have been sacrificed."

President Roosevelt, failing in obtaining the requested legislation, sought to attain the same ends by the negotiation of a treaty, which was ratified by the Senate of the United States on March 19.

President Roosevelt before the Fifty-eighth Congress declared in his message that the legislation requested was "demanded not only by our interest but by our honor," and he pointed out that the conditions under which the withdrawal of the American authorities from Cuba was agreed upon had brought Cuba into close political relations with the United States and it necessarily followed that Cuba must also, to a certain degree, become included within the lines of American economic policy.

The foregoing seems to conclusively establish that the "spirit" of the United States Government in which the treaty of commercial reciprocity was conceived and the objective sought to be obtained was one of preferring Cuba to all other nations of the world in commercial relations, because the stability of the Cuban Government is conditioned upon her economic prosperity and because the United States, by virtue of the existing political relationship, can not avoid its obligations to facilitate peculiarly the economic prosperity of Cuba. This, President Roosevelt has so aptly said, is a matter of national honor for the United States. This has been the unbroken policy of previous administrations of the United States Government, but it may be characterized particularly as the political testament of President Roosevelt respecting Cuba, the execution of which he has bequeathed to his successors.

In the debates before Congress the issue was always clearly defined, the opposition contending for the resultant damage to American interests and the supporters predicating their case on the moral duty of the United States toward Cuba, the political importance to the United States that the Cuban Government be sufficient to main-

tain law and order in the island, and the commercial advantages to the United States in the development of her foreign trade (U. S. Tariff Commission Report, Dec. 4, 1918, p. 320), "American interests" against "moral duty," and the political necessity of the stability of the Cuban Government. This is likewise the issue of to-day. Is it not of controlling importance that the United States Government has unequivocally and in most emphatic and unambiguous terms committed itself to this policy dictated by "moral duty" and required by political necessity? Has not the United States irrevocably committed itself to a decision of this issue and has not Cuba the right to rely upon the good faith of the United States? Even from the point of view of "American interests" the United States Tariff Commission says in its report of December 4, 1918, that "the imports into the United States from Cuba have reflected the influence of reciprocity in a less significant degree than have the exports from the United States to Cuba."

Though it might seem that the tariff act of 1913 was an attempt to modulate this spirit and policy, nevertheless it was interpreted otherwise by the Attorney General of the United States, who, in his opinion of February 20, 1914, said: "This was the spirit of the treaty and act of 1903, and the purpose of Section B–IV (tariff act of 1913) is to carry out that spirit." It is significant to note that the tariff act of 1913 ex- abrogated said proviso of Article VIII because sugar was to be admitted free into the United States after May 1, 1916 (38 Stat., 131; see also Atty. Gen. Op., Feb., 1914, infra), and under such circumstances the Attorney General was of course right in saying that "The purpose * * * is to carry out that spirit" as Cuba was ultimately to receive an even greater preferential by virtue of duty free sugar and the benefits of the proviso would automatically then become unnecessary. Now, when it is no longer a question of free entry of sugar into the United States, which then served as the excuse or consideration for the abrogation of the proviso of the treaty, the question has a different aspect, as the present section would seem to expressly eliminate and destroy Cuba's preferential without offering anything to compensate therefor or to mitigate the effects thereof.

For these reasons it is submitted that section 319 of the Fordney tariff act, as presently drafted, is an absolute change of the "spirit" of the commercial relations between the United States and Cuba and is a complete departure in the traditional policy of the United States toward Cuba. This is the first effort of a Congress of the United States in this direction, and it is inconceivable that the United States Government would change so radically and abruptly its policy of commercial reciprocity toward Cuba at this most critical moment in the economic and political life of that Republic.

The right of Cuba to commercial reciprocity with the United States is not singly predicated upon the treaty of commercial reciprocity, but would seem from the above quotations to be also founded upon immutable principles of moral duty and sacred honor. If the United States abrogates or repeals the treaty, which as a matter of internal legislation it might have the power to do, upon what new and different circumstances could this change in policy of commercial reciprocity to Cuba be predicated and justified when the reasons which occasioned its adoption exist to-day to a greater extent than ever before in the history of the Republic of Cuba?

All of the reasons advanced for the establishment of the treaty of reciprocity with Cuba may be urged with renewed vigor under the present critical conditions. In fact, they may be accentuated by the new and additional responsibility which the United States has to Cuba because of her request to Cuba to produce her maximum sugar production to assist and facilitate the United States Government and her allies in the World War, the efforts of Cuba in response to this request being to a great extent responsible for the present industrial and economic depression of that country.

It is true that a treaty is a bilateral agreement and can not be abrogated or repealed without the action of both parties, but there seems to be nothing to prevent the Government of the United States through congressional enactment, constitutionally and legally adopted, from violating the treaty of commercial reciprocity with Cuba. From the point of view of international law the effect of the adoption of section 319 of the Fordney Tariff Act would be a violation and breach of said treaty.

In conclusion the United States has irrevocably bound itself to foster to the greatest possible extent the commercial interests of Cuba and can not enact tariff legislation detrimental to Cuban interests without it being a serious breach of international law, a reversal of its traditional policy toward Cuba, and a breach of a clear and undoubted duty toward Cuba.

Respectfully submitted.

R. E. Des[illegible].

STATEMENT OF FREDERIC L. CRAYCRAFT, REPRESENTING THE AMERICAN STEEL CO. OF CUBA.

Senator McCumber. Mr. Craycraft, I notice that you represent the Pressed Steel Co. of Cuba. Has that anything to do with the sugar schedule?

Mr. Craycraft. I do not represent the Pressed Steel Car Co. but the American Steel Co. of Cuba, which has large interests which depend upon the welfare of the sugar producers of Cuba.

Senator McCumber. Your remarks will be directed to the sugar question, will they?

Mr. Craycraft. Yes, sir. I do not come before you to discuss technically the relative cost of production of sugar in the different countries. What I do wish to set forth is brought out in detail in tabulated statistics showing how the excessive duty on sugar, as provided in the Fordney bill, will react on the American farmer, the stock raiser, the dairyman, and the manufacturer.

In discussing the terms of the trade in millions of dollars, it does not go home to the ordinary individual. He does not see how it affects him unless you talk to him in terms of eggs, bacon, shoes, or whatever may be his particular industry.

Senator McCumber. The committee desires you to go on in your own way, because you have formulated in your own mind what you desire to present. The committee, however, can not emphasize too strongly the necessity for avoiding repetition of the same arguments on the same subject, and you will get a great deal more consideration if what you have to say is something new—new phases of the question and not duplicate testimony.

Mr. Craycraft. This is presented from a different viewpoint. People, I say, do not realize that Cuba is the largest purchaser of hogs, lard compounds, canned sausage, rice, potatoes, beans, onions, brass pipe and fittings, railway passenger cars, cement, calcium carbide, medicinal and pharmaceutical preparations, shoes, harness and saddles, and so on. Of the latter, more than 50 per cent of the total of our exports go to Cuba. She is also the largest purchaser of ready-mixed paints, fertilizer, twine, furniture of metal, glassware, roofing felt, engine and boiler parts, woven wire fencing, paper bags, cotton blankers and comforts, cotton cloths, etc. The total of these articles alone in 1920 amounted to over $140,000,000 of exports of American products to Cuba alone.

Cuba ranks second in the purchase of cattle, horses, mules, pickled pork, sausage other than canned, poultry, cheese, sweetened condensed milk, cocoa and prepared chocolate, corn, manufactures of asbestos, commercial automobiles and parts, railway freight cars, lubricating greases, automobile tires, electrical machinery, office furniture, railway car wheels and axles, locomotives, boiler tubes, pumps, builder's hardware, galvanized sheets, and so on. The total of these exports last year amounted to over $60,000,000.

Cuba ranks third in the purchase of hams and shoulders, miscellaneous canned meat products, hay, athletic and sporting goods, sulphuric acid, bicarbonate of soda, anthracite coal, wood and manufactures of wood, flour, structural iron and steel. The total of these items during the year 1920 amounted to over $53,000,000.

I have mentioned only a few of the principal commodities. Ther are many others which, for the sake of brevity, I have omitted.

Senator McCUMBER. What were the total importations from th United States to Cuba of all character of merchandise?

Senator WATSON. We sold $515,000,000 in 1920 and bough $720,000,000 from them.

Mr. CRAYCRAFT. That is correct. The difference in the balance trade, in round numbers, does not signify the importance of a cou try's purchasing power.

Senator McCUMBER. Will you give us her population? Of cour it would have a close relation to exports and imports.

Mr. CRAYCRAFT. Yes; Cuba has approximately two and a h millions of people. She has, I believe, per capita, the largest exp and import trade of any country in the world. I am not sure, bu think that is correct.

Senator McCUMBER. Certainly she has an exceedingly lar volume of trade for such a small country.

Mr. CRAYCRAFT. That is very true. That is a point that shou be carried home to the American producers.

So far the discussion has been as to how it is going to hurt Cu and American investments in Cuba. This shows another side of t question. It will show how it is going to hurt the American farm and, as I understand it, one of the principal objects of the increas duty is to protect agricultural products.

Another point to which I wish to call attention is that heretofo during prewar times, the American sugar industry prospered, t same as the Cuban industry, and the emergency tariff, when it w put in force a few months ago, was, from the viewpoint at that tin the best possible expedient, but world conditions were and still a in an unsettled condition. Values have not arrived at a prop basis; consequently, it is not an opportune time to arbitrarily esta lish a basis of duty on the differences existing to-day between t cost of sugar production in Cuba and in the United States, becau neither side to-day can tell exactly what it is going to cost wh things get back to normal, which they undoubtedly will within short time.

In view of this I would like respectfully to suggest that the sa rates which applied at the time the emergency tariff bill went in effect be continued. Both the United States and Cuba have bu up a prosperous trade relationship under a rate of duty which h apparently been satisfactory to both sides.

During 1920 the truck gardening and farm products alone th Cuba bought from the United States amounted to $85,000,000. live stock she bought $6,600,000. She is the second best purcha of the United States. She bought of dairy products alone, $15,000,0 She bought of meat products over $60,000,000. She bought of c ton and manufactures of cotton over $93,000,000. The last ite cotton cloths and its manufactures, is something which Cuba h never attempted to produce.

Senator McCUMBER. You have given some of the figures. All th you have given were for 1920?

Mr. CRAYCRAFT. 1920; yes, sir.

Senator McCUMBER. Is that the calendar or the fiscal year?

Mr. CRAYCRAFT. The calendar year. They are taken from statistics published by the American and Foreign Commerce and Navigation Bureau.

Senator McCUMBER. They have fallen off considerably since 1921 both as to exports and to imports.

Mr. CRAYCRAFT. They possibly have, as values of all commodities have decreased.

Senator SMOOT. And quantities too.

Mr. CRAYCRAFT. The items of farm products, live stock, dairy products, and meat products, which total nearly $170,000,000, Cuba can produce within her own borders if her sugar industry is seriously crippled.

On the item of cotton and manufactures of cotton, of which she buys $93,000,000, Cuba allows a preferential duty of 30 per cent instead of the average 20 per cent allowed on American sugar.

For the purpose of showing the specially protected market that Cuba offers for American products, I have segregated here the volume of importations of last year as showing the rate of preferential allowed by Cuba. Cuba allows to come in under the free list only $15,000,000 worth of American products, principally coal. She purchases under the 20 per cent differential $163,000,000; under the 25 per cent differential, $9,573,000; under the 25 to 30 per cent differential, she purchases over $78,000,000; on the 30 per cent differential she purchases $109,000,000; from the 30 to 40 per cent differential, she purchases over $22,000,000; at the 40 per cent differential she purchases over $10,000,000.

Should a country that shows results like this have her chief industry practically killed in order to afford temporary relief to a domestic product which supplies, I think, only about one-half of the total consumption of the United States? These are points which are bound to come home to the American producer. Cuba may be ruined. She may yet drift on our shores as a political and economic wreck on account of the excessive rates of duty applied on her sugar, but that is not going to help the American producer.

Gentlemen, I shall take up no more of your valuable time in discussing this question. The detailed tables in connection with this are all extracted and compiled from the publication of statistics issued by the Bureau of Foreign and Domestic Commerce.

Senator SMOOT. Do you want that printed in the record?

Mr. CRAYCRAFT. I have a brief that I would like to submit

Senator McCUMBER. The entire brief will be printed in addition to your remarks.

Mr. CRAYCRAFT. The statements made are not speculative opinions. they are actual facts which the American voter must analyze for himself, and by putting it not in dollars but in actual commodities he is in position to see how it affects his own particular interests.

Consequently, is it wise policy to increase the duty permanently six-tenths of a cent on the consumption of the United States of approximately 4,600,000 tons which would mean a tribute to be paid by the American consumer of $55,000,000 a year for the benefit of an industry of which, I believe, the acreage is less than one-half of 1 per cent of the general farm acreage in cultivation?

I thank you very much, gentlemen, for your attention.

BRIEF OF FREDERIC L. CRAYCRAFT, REPRESENTING THE AMERICAN STEEL CO. OF CUBA.

My presence before your committee is in representation of American industries which deal not only with the sugar industry but also with other industries which have been established and have prospered under the purchasing power of Cuba because of its sugar production. I respectfully ask on behalf of the company I represent and other American owned industries in Cuba, for the welfare of these industries for the continuance of a profitable and desirable market for the American farmers dairymen, stockraisers, and manufacturers, for the saving which will go to the American people by not increasing the cost to them of a prime necessity of life, for reasons of equity and fair dealing which Cuba is entitled to receive for her principal product in return for the protected market she offers to American industries, that your committee fix a rate on full duty sugar of 96° polarization of 1.256 cents per pound: and a rate on Cuban sugar of the same polarization not exceeding 1.0048 cents per pound or, if a higher rate for full-duty sugar is established, that a corresponding differential be granted to Cuban sugar so that the duty on Cuban sugar will not exceed 1.0048 cents per pound.

At the rate of 1.0048 cents a pound which was in effect for a period of eight years, the American sugar industry was able to develop along sound economic lines, proving that it had ample tariff protection at that rate and enabled Cuba to prosper and American industries to receive the full benefit of this prosperity as proved by the facts and figures given below. In determining the tariff to be placed on Cuban sugar it is important to consider in the first place the effect that such a tariff would have on American industries other than those allied to the sugar industries. In the second place, to arrive at an intelligent conclusion, it is necessary to consider the importance and value of the Cuban market for American products and the extent to which this valuable market will be closed or restricted through a reduction of the purchasing power of Cuba, because every increase in the tariff on Cuban sugar lessens the income of the Cuban producers. During 1919 and 1920 Cuba purchased from the United States as follows: Over $85,000,000 of truck gardening and farm products, over $6,600,000 of live stock, over $15,000,000 of dairy products, over $60,000,000 of meat products, over $63,000,000 of cotton cloths, and over $30,000,000 of manufactures of cotton.

From 1916 to 1920, inclusive, Cuba purchased from the American manufacturers of building materials, machinery, bridges, railway equipment (excepting rolling stock and agricultural machinery for use in the sugar industry in Cuba over $67,000,000. Between the period of 1911 and 1915, inclusive, Cuba purchased $19,000,000 of the same products. On these products Cuba only collected an 8 per cent ad valorem rate of duty. The marked difference in value between the first five-year period and the second five-year period in a great measure is attributable to the fact that in the erection of new mills American machineries and parts replaced the German, Belgian and other European productions. To show how closely allied the Cuban sugar industry is with American industries, it is interesting to note that Cuban purchases of commodities used directly in the sugar industry including bags from the United States in 1919 amounted to over $19,000,000 while similar purchases from all other countries were only $4,500,000. In 1920 the purchases from the United States of these same commodities amounted to $25,500,000, while from all other countries a little over $9,000,000. Considering the item of sugar bags alone, Cuba purchased in 1919 $8,892,722, of which $4,588,626 was purchased from United States. During 1920 the total purchases of bags amounted to $11,398,058, of which $2,699,999 was purchased from the United States. (See Cuban Government Sugar Industry Statistics for 1920, p. 98.)

Attached hereto is a statement showing principal commodities exported from the United States to Cuba; Cuba's rank as a purchaser of these American products, the respective protective differential reduction of duty granted by Cuba and the total exports of these same commodities from the United States to all countries. Of the total of the United States exports to Cuba during 1919 and 1920, amounting to $27[illegible]391,222 and $515,208,731, these commodities comprise a value of $214,956,121 and $409,380,326, respectively. This statement shows that Cuba's purchasing power and the benefits derived therefrom are not restricted to any narrow field of American industries, as for example, Cuba for 1920 ranks first in the purchase of hogs, lard compounds, canned sausage, rice, potatoes, beans, onions, brass pipe and fittings, railway passenger cars, cement, calcium carbide, medicinal and pharmaceutical preparations, shoes, harness, and saddles (more than 50 per cent of the total), ready mixed paints, fertilizer, twine, furniture of metal, glassware, roofing felt, engine and boiler parts, woven wire fencing, paper bags, cotton blankets and comforts, cotton

cloths, totaling approximately $139,595,022. Ranks second in the purchase of cattle, horses, mules, pickled pork, sausage other than canned, poultry, cheese, sweetened condensed milk, cocoa and prepared chocolate, corn, manufactures of asbestos, commercial automobiles and parts, railway freight cars, lubricating greases, automobile tires, electrical machinery, office furniture, railway car wheels and axles, locomotives, boiler tubes, pumps, builders' hardware, galvanized sheets, totaling $60,455,431. Ranks third in the purchase of hams and shoulders, miscellaneous canned meat products, hay, athletic and sporting goods, sulphuric acid, bicarbonate of soda, anthracite coal, wood and manufactures of wood, flour, structural iron and steel, totaling $53,769,792.

For the year 1919 Cuba was in most instances only one rank lower than 1920. With reference to other commodities in which rank is lower than third the volume of such commodities nevertheless remains around important figures, to wit:

Lard	$15,907,000
Bituminous coal	13,000,000
Passenger automobiles and parts	9,385,000

In comparing the trade balances between the two countries, aggregate amounts are apt to be misleading, because in the figures of imports into the United States from Cuba are included the sugar imported for refining for export, and this item in 1919 amounted to nearly 600,000 tons of a value approximately $72,000,000, which should be deducted when making comparisons. (See Tariff Information Surveys, par. 177, act 1913, p. 37.) Does your committee desire to close or restrict this important market for American industries, because it is an economic truth that any country must sell in order to buy and the ability of Cuba to continue to purchase from the United States depends on Cuba's ability to continue to sell its principal product to the United States in a volume controlled only by economic conditions? Any tariff legislation which discourages or reduces the production of sugar will affect immediately the purchasing power of Cuba and compel her to devise means to secure, as far as possible, a supply from within her borders, of those commodities which she is able to produce and forego the purchase of those she can not supply.

Our President's message to Congress at the present session states:

"We recognize the necessity of buying wherever we sell, and the permanency of trade lies in its acceptable exchanges. In our pursuits of markets we must give as well as receive. We can not sell to others who do not produce, nor can we buy unless we produce at home."

Before destroying the established basis of mutually beneficial exchange of products between the two countries, it will be well to consider the specific agricultural and industrial commodities of the United States, which the proposed tariff law will seriously affect, and which are not set forth in condensed statistical tables of trade balances. These commodities have been divided into four general groups.

First. Specific agricultural products which Cuba purchases from the United States, and which she can produce within her own borders, approximately $62,000,000. (United States Foreign Commerce and Navigation, 1920.)

Second. Specific agricultural products which Cuba does not produce in quantity but which she purchases in the United States on account of close trade relations, and in some cases on account of greater differential than the 20 per cent allowed by Cuba on products of the United States, approximately $24,000,000. (United States Foreign Commerce and Navigation, 1920.)

Third. Industrial products purchased from the United States for the sugar industry, approximately $25,000,000. (Cuban Government Sugar Industry Statistics, 1920.)

Fourth. General American agricultural, mineral, and industrial products which Cuba will not be in a position to buy as heretofore, if her economic status is seriously crippled by discriminating tariff rates on sugar, approximately $300,000,000.

In the discussion of any proposed tariff burden to be placed on the principal products of any country, equity demands, among other things, that consideration be given to the treatment which such country gives to products of the legislating country. Under this equitable principle Cuba is entitled to the most preferential consideration, because while the specific duty levied by the United States on Cuban sugar during the nine-year period from 1911 to 1919 was equivalent, when converted to ad valorem rate, to 35.5 per cent. (See Tariff Information Survey, par. 177, act 1913, p. 37.) Cuba during the same period only collected but an average of 13 per cent ad valorem duty on American products and protected them from foreign competition with differentials in duty ranging from 20 to 40 per cent. Furthermore, during the past 18 years, Cuba has levied a duty of only 8 per cent ad valorem on all building material, machinery, bridges, railway equipment, except rolling stock, and agricultural machinery

used in the production of sugar. Cuba's importations from the United States, grouping the commodities shown in the annexed statement under the several differential preferentials, are as follows:

Free list	$14,971,1[illegible]
20 per cent	163,116,079
25 per cent	9,573,014
25 per cent–30 per cent	78,622,700
30 per cent	109,878,642
30 per cent–40 per cent	22,838,491
40 per cent	10,380,229

From which it will be seen that more than $231,297,108 of commodities enjoyed protective differential ranging from 25 per cent to 40 per cent.

Cuba, unlike other countries, can not exercise the right of free selection of the markets or sources from which she can draw her requirements. She must either purchase them from the United States or else produce them within her borders. Cuba has been considered geographically, commercially, and economically a part of the United States. In the discussion of tariff legislation which affects her economic and commercial existence this close relationship should entitle her to receive the most favorable consideration.

The proposed tariff on sugar can not be justified, because it would increase the cost to the American people of a prime necessity of life in order to protect an American industry which professes its inability to exist unless artificially fostered and protected beyond sound economic principles.

Furthermore the proposed tariff on sugar is not essential to the protection of the industry in America as shown by the following extract from Tariff Information Survey, paragraph 177, act 1913, page 32:

"In all of the regions in which domestic sugar is produced, except perhaps Louisiana, a considerable proportion is produced at a cost as low as, or lower than, that of the marginal Cuban cost. Such producers would be able to continue to compete with Cuba if there were no duty, though their profits would be less.

"With every increase in duty a newer and higher margin is established for domestic producers, a greater proportion of the consumption will be domestically produced, and a less proportion imported from Cuba. The new domestic marginal producer simply 'breaks even,' the former marginal producer now makes a profit, and those who formerly produced at a cost lower than that of the marginal producer make a greater profit. The effect upon the revenues will depend upon whether the falling off in Cuban importations is or is not sufficient to offset the increased receipts from each unit imported."

To place the proposed tariff on Cuban sugar will mean a loss to Cuba which will immediately be reflected in her pruchasing power from the United States, compel her to develop within her own boundaries means to secure her requirements, thus greatly restricting the protected market American industries now enjoy; will increase the cost to the American people of a prime necessity of life, and can not be justified from an economic standpoint, because it would exact on the present value, approximately, a 64 per cent ad valorem duty on Cuban sugar when Cuba in return burdens American products with only an average ad valorem duty of 13 per cent and protects them from foreign competition with preferential differentials ranging from 20 per cent to 40 per cent.

protective differential reduction of duty granted by Cuba, and the total exports of these same commodities from the United States to all countries.

[Of the total of United States Exports to Cuba during 1919 and 1920, amounting to $278,391,222 and $515,208,731, these commodities comprise a value of $214,956,121 and $409,390,326, respectively. These statistics were taken from the Foreign Commerce and Navigation of the United States, 1920.]

Commodity.	Protective differential allowed by Cuba to United States.	Calendar year 1919		Calendar year 1920.		Rank as compared with all other countries.
		Total United States exports.	United States exports to Cuba.	Total United States exports.	United States exports to Cuba.	
Live stock:	*Per cent.*					
Cattle	40	$6,439,521	$627,649	$10,752,525	$2,043,021	Fifth in 1919, second in 1920.
Hogs	20	684,911	521,035	1,723,784	1,494,739	First in 1919, first in 1920.
Horses	20	2,858,396	133,575	2,716,400	437,687	Sixth in 1919, second in 1920
Mules	20	1,189,180	440,688	1,886,343	576,284	Second in 1919, second in 1920.
Sheep	20	369,974	3,637	571,690	8,559	Fourth in 1919, fourth in 1920.
All other		464,702	154,223	702,218	214,081	Second in 1919, second in 1920.
Total live stock		12,008,684	1,880,807	18,332,960	4,774,371	
Meat products:						
Beef—						
Canned	20	20,672,964	46,414	5,789,711	97,616	Sixteenth in 1919, ninth in 1920.
Fresh	20	40,280,747	41,442	17,564,887	92,003	Thirteenth in 1919, tenth in 1920.
Pickeld, cured	20	8,739,141	24,414	3,659,615	39,185	Twenty-sixth in 1919, nineteenth in 1920.
Oleo, oil	20	22,025,340	63,126	16,585,209	83,409	Eighteenth in 1919, fifteenth in 1920.
Oleomargarine	20	6,576,760	17,089	4,667,120	1,390	Twentieth in 1919, thirty-sixth in 1920.
Tallow	20	6,370,112	241,018	2,950,675	329,496	Seventh in 1919, fourth in 1920.
Total beef products		104,665,064	433,503	51,117,417	643,101	
Pork—						
Bacon	20	373,913,227	4,179,328	156,296,908	4,378,657	Thirteenth in 1919, seventh in 1920.
Ham and shoulder	20	189,428,837	3,112,929	50,687,568	5,033,220	
Lard	20	237,983,449	14,111,770	143,371,441	15,907,936	
Neutral lard	20	7,725,983	17,088	5,808,042	132,079	
Canned pork	20	2,422,364	10,220	752,120	17,993	
	20	8,347,557	168,701	9,090,463	188,784	
	20	8,632,516	1,702,245	7,670,024	1,082,474	
	20	31,605,855	2,333,368	7,218,845	1,601,336	
	20	2,761,944	662,910	2,344,684	1,295,699	
	20	5,911,850	475,963	4,187,574	1,178,823	
	20	6,809,834	12,626	5,860,935	6,067	Eighteenth in 1919, twenty-first in 1920
Total pork products		875,543,446	26,772,189	393,486,624	30,823,069	

Statement showing principal commodities exported from the United States to Cuba, Cuba's rank as a purchaser of these American products, the respective protective differential reduction of duty granted by Cuba, and the total exports of these same commodities from the United States to all countries—Contd.

[Of the total of United States Exports to Cuba during 1919 and 1920, amounting to $278,391,222 and $515,208,731, these commodities comprise a value of $214,956,121 and $409,380,326, respectively. These statistics were taken from the Foreign Commerce and Navigation of the United States, 1920.]

Commodity.	Protective differential allowed by Cuba to United States.	Calendar year 1919. Total United States exports.	Calendar year 1919. United States exports to Cuba.	Calendar year 1920. Total United States exports.	Calendar year 1920. United States exports to Cuba.	Rank as compared with all other countries.
Meat products—Continued.						
Miscellaneous:	*Per cent.*					
Mutton, except canned	20	$632,667	$8,939	$756,526	$31,503	Fifth in 1919, sixth in 1920.
Poultry, game	20	4,560,278	66,917	756,748	123,823	Second in 1919, second in 1920.
Extracts from animal fats	20	4,171,151	254,002	3,487,578	420,907	Seventh in 1919, fourth in 1920.
Other canned meat products	20	12,950,669	115,938	6,480,276	324,098	Seventh in 1919, third in 1920.
All other		11,642,612	203,673	7,169,589	224,636	Eleventh in 1919, seventh in 1920.
Total miscellaneous products		33,957,377	649,469	18,652,717	1,124,967	
Total meat products		1,014,165,839	27,855,130	463,256,758	32,591,136	
Dairy products:						
Butter	30	17,504,446	337,016	10,142,403		Eighth in 1919, fourth in 1920.
Cheese	40	5,349,577	814,423	5,054,253		Second in 1919, second in 1920.
Milk, condensed and evaporated	20	121,893,337	4,899,391			Fifth in 1919.[1]
Milk, condensed sweetened	20			47,566,834		Second in 1920.
Evaporated, not sweetened	20			16,672,432		Fifth in 1920.
Milk, powdered	20			999,754		Sixth in 1920.
All other		1,729,884	359	381,626		Unimportant.
Total dairy products		146,477,244	6,051,189	80,817,302	9,732,272	
Miscellaneous:						
Eggs	20	18,812,231	4,607,199	13,569,144	6,347,594	Second in 1919, first in 1920.
Cocoa and chocolate prepared	20	21,380,801	126,340	9,047,918	569,090	Twentieth in 1919, second in 1920.
Coffee, raw	20	7,295,511	4,293,432	9,223,966	7,128,218	First in 1919, first in 1920.
Total miscellaneous		47,488,543	9,026,971	31,841,028	14,044,902	
Total specific agricultural products which Cuba purchases from the United States and which she can produce within her own borders.		1,220,135,360	44,814,097	594,248,048	61,142,681	
Agricultural products:						
Rice	40	34,775,022	7,399,218	37,469,175	7,331,009	Do.
Potatoes	30	[illegible]	[illegible]	[illegible]	7,151,773	Do.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Third in 1919, first in 1920.
Onions	20	2,009,143	1,130,342	2,175,662	1,164,783	First in 1919, first in 1920
Corn	20	18,824,186	3,441,163	20,433,081	3,540,258	Second in 1919, second in 1920
Hay	20	962,975	259,249	1,797,400	104,320	Second in 1919, third in 1920
Total agricultural products which Cuba does not produce in quantities but which she purchased in the United States on account of close trade relations and in many cases on account of greater protective differential than the 20 per cent allowed by the United States on Cuban products.	...	69,899,068	18,927,207	95,068,283	23,506,901	
d industrial products:						
...	20	3,531,978	465,973	4,431,132	757,215	Second only to Canada
...	20-30	2,903,305	229,937	2,788,971	203,737	Third in 1919, third in 1920.
...	20	1,413,875	107,414	2,141,217	423,214	Third in 1919, first in 1920.
ills, pipes and fittings, and	20	9,438,554	685,572	10,541,116	1,194,032	Third in 1919, second in 1920.
...	20	35,425,437	1,955,509	46,775,761	4,937,281	Do.
...	20	116,262,713	4,703,409	251,453,934	9,385,187	Fifth in 1919, seventh in 1920.
...	20	1,606,640	178,579	1,171,674	848,087	Second in 1919, first in 1920.
...	20	57,473,824	2,453,105	37,189,684	8,476,239	Third in 1919, second in 1920.
ind axles	20	...	...	13,189,911	1,281,501	Third in 1920
...	20	7,513,389	1,675,022	10,045,369	3,036,916	Second in 1919, first in 1920.
...	30	489,966	66,679	738,188	135,360	Third in 1919, third in 1920.
...	30	1,404,870	492,033	1,111,587	431,546	First in 1919, first in 1920.
parations	30	18,985,793	2,347,214	21,214,833	4,010,730	Second best to England in 1919, best in 1920.
Bicarbonate of soda	30	...	...	616,261	130,891	Third in 1920.
Caustic soda	30	6,748,762	184,729	10,944,017	406,064	
Coal, anthracite	Free.	36,668,131	395,540	45,538,100	541,481	
Coal, bituminous	Free.	83,708,842	5,918,152	304,273,241	12,922,524	
Grease, lubricating	20	6,039,701	279,813	7,371,695	766,483	
Tire for automobiles	20	28,924,659	2,013,071	52,044,271	3,409,986	
Shoes, leather	30	74,636,547	11,313,754	67,144,542	21,241,291	
Harness and saddles	30	1,142,852	649,884	2,273,244	1,441,460	
						ports.
...	30	4,699,925	888,121	6,313,288	1,524,153	Best
...	20	86,089,711	3,905,911	101,990,004	7,603,107	Seventh in 1919, second in 1920.
es and sulphate of ammonia	20	17,341,888	4,242,172	25,985,637	8,151,216	Second in 1919, first in 1920.
...	20	1,643,518	269,063	1,411,396	523,173	Do
...	25	900,108	108,181	2,115,834	281,122	Second in 1919, second in 1920.
...	25	1,983,488	646,360	3,781,220	1,394,409	Best
...	25-30	5,283,655	1,916,426	9,575,543	2,869,685	Do.
...	30	3,106,826	442,267	4,641,909	844,886	Do
...	20	136,802,166	10,731,880	186,502,152	25,330,390	Third best.
...	30	293,452,748	15,648,969	224,472,448	17,044,543	Fourth in 1919, third in 1920.

[1] Probably second after deducting shipments to impoverished European countries.

Statement showing principal commodities exported from the United States to Cuba, Cuba's rank as a purchaser of these American products, the respective protective differential reduction of duty granted by Cuba, and the total exports of these same commodities from the United States to all countries—Contd.

[Of the total of United States Exports to Cuba during 1919 and 1920, amounting to $278,391,222 and $515,208,731, these commodities comprise a value of $214,956,121 and $409,380,326, respectively. These statistics were taken from the Foreign Commerce and Navigation of the United States, 1920.]

Commodity.	Protective differential allowed by Cuba to United States.	Calendar year 1919.		Calendar year 1920.		Rank as compared with all other countries.
		Total United States exports.	United States exports to Cuba.	Total United States exports.	United States exports to Cuba.	
Iron and steel:	*Per cent.*					
Railway car wheels and axles	25	$11,843,738	$258,377	$9,061,305	$819,207	Twelfth in 1919, second in 1920.
Railway locomotives	20	30,275,728	2,599,870	53,629,847	8,369,082	Fourth in 1919, second in 1920.
Engine parts, boilers	20	6,361,229	1,268,393	8,006,288	2,695,213	Best.
Boiler tubes	20	7,916,665	345,099	6,077,930	716,191	Sixth in 1919, second in 1920.
Pumps and pumping machinery	20	9,067,458	1,037,495	13,684,468	1,979,301	Second in 1919, second in 1920.
Hardware, builders'	25–30	7,413,760	512,645	11,258,188	1,297,898	Third in 1919, second in 1920.
Galvanized sheets	25	15,223,289	1,071,472	16,727,590	2,073,487	Fifth in 1919, second in 1920.
Structural iron and steel	25	28,956,816	1,953,297	38,384,690	4,702,275	Fourth in 1919, third in 1920.
Barbed wire	Free.	11,354,297	1,357,747	16,056,346	1,507,134	Do.
Woven wire fencing	25	933,143	287,624	903,272	302,551	Best.
All other iron and steel manufactures	25–30	839,174,031	37,199,496	939,045,313	74,455,117	
Total iron and steel manufactures	25–30	968,520,154	47,891,515	1,112,835,237	98,917,456	Fifth in 1919, third in 1920.
Paper:						
Paper bags	20	1,566,373	781,226	2,593,459	1,588,951	Best, over 50 per cent of total exports 1920.
All other manufactures of paper	....	85,416,690	5,776,700	86,478,830	9,310,303	
Total manufactures of paper	20–30	86,983,063	6,557,926	89,072,289	10,899,254	Fourth in 1919, second in 1920.
Cotton:						
Cotton blankets and comforts	30	3,551,511	264,997	5,196,387	1,212,815	Fourth in 1919, first in 1920.
Cotton cloths	30	151,997,817	13,618,011	238,153,557	49,312,824	Second in 1919, first in 1920.
All other manufactures of cotton	30–40	117,566,376	7,965,549	158,691,333	22,838,493	
Total manufactures of cotton	30–40	273,115,704	21,848,557	402,041,277	73,364,132	Do.
Total of the above American agricultural, mineral, and industrial products which Cuba will not be in a position to buy as heretofore if her economic status is seriously crippled by discriminating tariff rates on sugar	....	2,377,442,692	161,214,817	3,063,737,002	324,728,744	

PHILIPPINE SUGAR.

[Paragraph 501.]

TATEMENT OF HON. ISAURO GABALDON, RESIDENT COMMISSIONER FROM THE PHILIPPINES.

Mr. GABALDON. Mr. Chairman, I am in receipt of the following ablegram, through the Bureau of Insular Affairs, from Gov. Gen. eonard Wood, of the Philippine Islands, under date of December 12:

The Philippine Chamber of Commerce and the Chamber of Agriculture jointly quest that the present emergency tariff rate on sugar be made permanent in order to otect the sugar industry of the Philippine Islands. If Cuban sugar interests succeed lowering present rate, Philippine sugar would be totally driven from the American arkets. Competition is made impossible by difference in freight rates against the hilippines and other items highly favoring Cuban sugar.

RAMIREZ,
PRIETO,
Presidents.

In presenting this telegram, Mr. Chairman, I wish to state that I m fully aware of the peculiar status of the Philippines in such matters. While we are under the American sovereignty, we nevertheless ave our own tariff laws, and in some respects our situation is analoous to that of Cuba.

Like the Cubans we responded to the world appeal for increased gar production when the World War cut off the European source f supply, and as a result there are supplies on hand and in sight that an not be absorbed through the usual channels.

As we enjoy the American market on terms of equality with omestic producers, our people are naturally concerned over legisation that will threaten our likelihood of disposing of the sugar which e have produced under heavy and abnormal expense. The cost f laying our sugar down in the United States is greater than the ubans must pay, and we are under the further disadvantage that all uty-free sugars must bear because of the drawback regulations.

For these reasons, Mr. Chairman, and with no unfriendly feelings or the Cuban interests but solely in the interest of self-preservation, e respectfully urge that the present status be maintained.

PORTO RICAN SUGAR.

[Paragraph 501.]

TATEMENT OF PAUL J. CHRISTIAN, WASHINGTON, D. C., REPRESENTING THE PORTO RICAN SUGAR PRODUCERS.

Mr. CHRISTIAN. Mr. Chairman, the Resident Commissioner from orto Rico, Hon. Felix Cordova-Davila, who is present, has asked e to present a statement for the Porto Rican Sugar Producers' sociation, which I represent in Washington, and to request that Ir. Frank A. Dillingham, of 62 Cedar Street, New York, president f the South Porto Rico Sugar Co., be heard briefly regarding the st of producing sugar in the better class of centrals on the island.

Mr. T. Subirana, who arrived in Washington this morning from Porto ico, brought the latest revised figures regarding the crop from Mr. Ruiz-Soler, secretary of the Porto Rican Sugar Producers' Asso-

ciation, and a statistician of recognized standing. He states that the last crop, 1920–21, amounted to 491,000 tons (2,000 pounds), and his estimate for the current crop, 1921–22, is 446,000 tons, or 45,000 tons less than the last crop.

(The statement is as follows:)

On behalf of the Porto Rican Sugar Producers' Association we desire to submit the following facts with respect to the sugar industry of that island:

The crop for the current campaign of 1920–21 is estimated at practically 10 per cent less than that of 1919–20, which was placed by the United States Tariff Commission at 485,900 tons. That was slightly more than one-third of all the cane sugar produced in the United States and insular possessions; and was 22 per cent of the combined domestic-cane and beet-sugar crop, estimated at 2,147,818 tons.

Not only is Porto Rico, therefore, one of the important sources of our domestic supply of sugar, but the population of the island is entirely dependent upon agriculture, and sugar represents approximately 80 per cent of the value of the annual output of the soil.

Most of the crop is grown by small farmers and sold to the mills under the same system that prevails in the United States. In this respect conditions have not changed materially since the Department of Commerce in 1917 published the result of an investigation, which showed that 63 per cent of the crop was grown by "colonos" or farmers, and 37 per cent by the corporations that operate the mills.

Since the American occupation the crop has grown from 54,000 tons to 485,000 tons, and this development has been paralleled by an equally wonderful improvement in the condition of the people who produce it. When the Americans went to Porto Rico there were practically no schools. The great bulk of the population lived in the direst poverty, suffering from lack of nutrition and the ordinary necessities of life, and an official health survey showed that more than 90 per cent of the population was afflicted with pellagra or kindred diseases, due to the wretched condition of living. The daily wages on the plantations ranged from 21 to 30 cents.

To-day the sanitary situation is well in hand. A splendid system of public education prevails that will compare with any in the United States, and in many respects the same may be said regarding the improved standard of living. The report of the governor for 1920 shows that some of the field labor had received as high as $[illegible] for that year's crop, and practically none of the field hands were paid less than $1 a day.

Not only has the price of labor increased, but practically every operation that enters into the production of the crop has shown an increased cost. The nature of the Porto Rican soil makes drainage more difficult and necessary than on any of the other islands of the West Indies, and in addition to drainage a large part of her cane acreage has to be irrigated. Some of her fields have been in continuous use for more than 400 years, the cultivation of sugar cane having started in 1515, and her depleted soil calls for continuous and costly applications of commercial fertilizers.

In some respects Porto Rico suffers from more onerous conditions than any branch of the domestic sugar industry. In the matter of freight rates she is penalized by coastwise shipping laws, because she is domestic territory, whereas all of her competitors in the West Indies, and especially Cuba, enjoy the cheaper rates that result from the unrestricted competition of foreign ships. It developed in the course of the hearings yesterday that the beet factories of the Mountain States are compelled to pay a freight rate on that part of their product laid down in Chicago that is double the amount that the seaboard refiners pay on Cuban refined sugar shipped to Chicago from seaboard points.

Porto Rico suffers from this unjust freight discrimination on her entire output. Although she is domestic territory and this matter is entirely under the control of the Shipping Board she is compelled to pay practically 100 per cent more on her product to seaboard refining points than is charged the competitive foreign Cuban sugars for identical service.

Throughout the period of governmental sugar control that prevailed during the war a parity was maintained on ocean freights between all of the West Indian ports and seaboard refining points. As an illustration, the United States Shipping Board Emergency Fleet Corporation on December 16, 1918, issued its "official announcement covering rates and conditions governing shipments of sugar from the West Indies for the season 1918–19." The rates to New York or Philadelphia from northside Cuban ports ranged from 38½ to 43 cents, and from southside Cuban ports from 45½ to 53½ cents per hundred pounds. The rate from all Porto Rican ports was 40 cents.

Since the war there have been numerous readjustments of these sugar rates from all est India ports, but instead of a parity being maintained between Porto Rico and iba, the Cubans have secured a rate cheaper by 50 per cent almost than that allowed rto Rico. The rate from the domestic island to-day on full and broken cargoes is 27 nts a hundred pounds, while from northside Cuban ports it is only 14½ cents per indred pounds.

For more than two months we have been trying to equalize this condition in order at the new crop could be moved on equal terms with that of Cuba, but as yet our forts for relief have been in vain.

But this inequality in freight is by no means the principal discrimination made ainst Porto Rican sugar and in favor of Cuba. For years she has suffered from an tolerable condition which compelled her sugar to absorb much of the 20 per cent ncession allowed Cuban sugar, and the injustice of which could not be stated in tter language than was employed by the Cuban speakers themselves on yesterday, w that they are remotely threatened with the same treatment.

In protesting against paragraph 502 of the pending bill, by the terms of which all anufacturers of either cane or beets grown in the continental United States may iport for refining purposes at a reduction of 25 per cent of the duty, 2 pounds of reign sugar for each pound of output of the domestic article, all of the Cuban spokes-en contended that this would tend to lessen the value of their product by making less attractive for the refiners. Mr. Rubens, in a vehement protest for the Cubans, id:

"The situation now is that the full duty paid sugar is sold on the basis of Cuban gar, and therefore the full duty paid sugar must absorb the difference between the ban rates and the full rate. In other words, the refiner buys the sugar at a lesser ice and then adds the full duty, or 2 cents, to it, and that sum total is not more than e Cuban sugar with $1.60 added to it. But the refiner gets a drawback, and there-re the refiner, under these circumstances, will buy only the full-duty sugar. He ill not buy the Cuban sugar because he will get 2 cents a pound drawback for what e pays 1½ cents for. In the other case, he will get only $1.60 for which he paid $1.20. other words, it is not human for you to expect the refiner to give Cuba the advan-ge of this 25 per cent, and therefore it is a violation of the spirit, if not the letter, the reciprocity treaty between Cuba and the United States."

In the formal brief which they submitted the Cuban interests said:

"The practical operation of this paragraph, if made law, will be to reduce the ubans to absolute dependence upon the American refiners and manufacturers, and ill destroy sugar production as a separate industry, making it industrially sub-rvient to refiners.

To hamper Cuba through the proposed discrimination in sugar would mean having good neighbor in financial distress, unable to pay what is owed you, desperate and cking the proper means to live and prosper. And if you consider that this neighbor s a small country whose population derives singular credit for rendering the largest er capita amount of work in the world; a friendly nation whose past history is so terlocked, politically, geographically, and economically, with your own country, ou will understand why this Cuban mission has come to you full of hope and with bsolute confidence of getting the fair treatment we ask and expect and which at this me is so essential to the welfare and future development of our country."

If the Cubans can make such a plea, based on the comity that should prevail among ations, how much stronger must be the plea of the Porto Ricans, who are our own eople not against such treatment in the house of their friends, but in their father's ouse. And yet Porto Rico has been suffering from this injustice since the winter f 1915, when the discrimination against her sugars and in favor of Cuba was estab-shed by the refining trade.

This condition of affairs, which reduces the Porto Ricans "to absolute dependence n the American refiners," grows out of the existing statute and the Treasury regula-ons governing the payment of the drawback. Porto Rican sugars are sold at all sea-oard refining points in the same manner and in open competition with sugars from uba. As the Porto Rican product is on an equal footing with all other domestic sugars t follows that it should have the full benefit of the duty. But the practical effect of the rawback regulations has been to partly defeat the protective tariff, and instead of orto Rican sugar of equal grade being sold at a parity, it is habitually sacrificed at om one-sixteenth to one-half of a cent a pound below Cuban sugar. As a case in oint the New York Journal of Commerce of Wednesday, August 31, quoted the spot arket as follows: Cuban 96° centrifugals, duty paid, 4.86; Porto Rico 96° centrifugals, elivered, 4.50, a difference of 36 cents a hundred pounds in favor of the foreign sugar f identical quality, and yet by the terms of the emergency tariff law now in force this uban sugar paid a duty of 1.6 cents a pound. It is estimated that as a result of this

discrimination the value of the Porto Rican crop is annually penalized more th
$3,000,000.

The injury which the Cubans anticipate should paragraph 502 be enacted into la
differs only in degree from what Porto Rico has suffered for years, and inasmuch as th
matter has been forcibly brought to the attention of the committee the Porto Rica
industry respectfully submits the following observations on the general subject
the drawback on sugar.

The present regulations require the absolute identification of all material up
which a duty has been paid and a refund or drawback asked after reexportation
the finished article. Obviously this is impossible when both foreign and domest
raw sugars are melted together in the same kettle. The proportionate parts of ea
may be exactly computed but the identity of the individual grains at the end of th
refining process is lost, and because this identity can not be established the refiners
who are the only purchasers, claim that when they have export orders to fill Por
Rico sugar is handled at a loss. As has been explained, the refiners are the only pu
chasers, and because of the existing drawback regulations they compel Porto Ri
sugar to absorb a large fraction of the difference between domestic and Cuban suga
just as Mr. Rubens explained would happen as between Cuban and full-duty sug
if paragraph 502 was enacted into law.

At the time the present law was placed upon the statute book the export trade
refined sugar was negligible, only 23,113 tons being sent abroad during the year 191
But in the intervening years, with the dislocation of the European refining indus
as a result of the war, the export business has become very valuable. Last yea
amounted to 412,494 tons, and there is every indication that it will be an importa
factor in the refining trade for some years to come.

The growth of the export trade lends color to the explanation of the refiners for th
discrimination against Porto Rican sugar. They claim that if they have exp
orders or anticipate such orders they must, in order to secure the full drawback provid
by law, run their refineries from which such orders are to be filled wholly upon fore
dutiable sugar; that if at the same time they attempt to melt any proportion of d
mestic sugar, however small, the identity of the melting is thereby lost and they c
not longer obtain full drawback; also that after melting any domestic sugar they mu
in order to establish the right to secure the full drawback, shut down and clean o
every vestige of the domestic sugar at a great loss of time and at heavy expense.
a result, refining companies owning but one plant do not want domestic sugars if th
are working up export goods, while the larger companies operating several refineri
set apart one of the plants to handle the domestic crop.

The refiners illustrate the onerous working of the drawback regulations by th
concrete example:

"If a refinery melts in one week 10,000 tons of Cuban sugar and 5,000 tons of Po
Rican sugar, the drawback applicable to the Cuban sugar is approximately $20 a t
or $200,000. Under the present regulations this entire drawback can be recover
but to do so it is necessary to export the entire 15,000 tons. In other words, it
necessary to export domestic sugar in order to obtain the drawback on dutiable sug
Upon any less amount being exported, only two-thirds of $20 would be paid as dra
back upon the number of tons exported."

This explains the reason for Porto Rican sugar being sold at a discount. Until t
export trade developed they maintained a parity with Cuban sugar, but in Decemb
1915, the differential was established against them, and it has been maintained e
since. In order to equalize conditions the domestic producers have suggested t
following amendment be added to the drawback section of the tariff law:

"*Provided*, Where either refined sugar or sirup is produced from an admixture
dutiable and free or domestic raw sugars, drawback shall be paid on such expor
quantity as shall not exceed the proportion which has been ascertained, in accorda
with the regulations of the Treasury Department, to have been produced from
dutiable raw sugars used."

Reverting directly to paragraph 502, the Porto Rican industry wishes to go
record as opposing it. Aside from the questionable legality of such a provision,
so unfair to the domestic producers living beyond the limits of continental Uni
States that it is difficult to understand the policy that prompts it. It would furt
aggravate the present intolerable condition in which Porto Rican sugars find th
selves by broadening the market for foreign dutiable sugars at the expense of
domestic product, as the greatest profit would accrue in working up those duti
sugars for export so as to receive 99 per cent of the duty as drawback.

In the matter of cost of production it is always difficult to speak with accura
because of the wide range of conditions and efficiency that must be considered

The following information which was received from Porto Rico yesterday is as comprehensive with respect to the cost of the last crop as it is possible to obtain at this time. It reads:

"Information given by 16 centrals in Porto Rico show that the cost of producing sugar for 1921 averaged 5.04 cents per pound, and estimated costs for 1922 are 3.89 cents per pound. The general financial condition of the centrals is precarious, due to heavy losses sustained on the last crop and complete collapse in 1922 can only be avoided by maintaining an adequate duty."

The comparative cost of the previous crops can be stated with more accuracy.

The cost of production in the better class of Porto Rican factories during the period embracing the years 1913-14 and 1915 varied from 2½ to 3½ cents a pound landed in New York, and at the same factories for the years 1916, 1919, and 1920 the average cost was 6¼ cents, or practically double. During the same time a fair average for Cuba was 2 cents for the years 1913-1915 and 4 cents for the years 1918-1920.

In its last official announcement the United States Tariff Commission, under date of 1921, has given the following comparison between Porto Rico and Cuba of all cost reduced to a raw basis:

Prewar:		1918-19:	
Porto Rico	2.828	Porto Rico	5.802
Cuba	1.700	Cuba	4.104
Difference	1.128	Difference	1.698

Railroad freight rates on cane transported from field to factory have increased 44 per cent since 1915. Taxes have been practically doubled in the same period, and from official budgets and estimates of insular expenses no relief is in sight.

For these reasons we suggest that an effective tariff of 2 cents is necessary to equalize the high cost of production, the heavy increased ocean freight rate our sugar is compelled to absorb, and the differential which the refiners have established against Porto Rican sugar and in favor of Cuba by reason of the operation of the existing Treasury Regulations governing the drawback on sugar.

STATEMENT OF FRANK A. DILLINGHAM, PRESIDENT SOUTH PORTO RICO SUGAR CO., NEW YORK, N. Y.

Mr. DILLINGHAM. I will speak very briefly.

Mr. Chairman, the sugar industry in Porto Rico is the principal industry in the island, and the greater part of the wealth of the people is invested in that, either in the fields or in the factories. The production has increased since 1912 from 371,000 tons to 489,000 tons this year, being the same this year that it was in 1916 and 1917. In other words, during the war period there has been no substantial increase. There have been slight increases here and there, but no large increase in any part of the island.

The cost of making sugar has doubled in the last 10 years. Last year's figures, from 16 factories that produced about 50 per cent of the output of the island, varied in cents per pound from 4½ to 5¾, an average of 5.03 cents per pound.

Three other factories producing 100,000 tons averaged the same, but do not give definite figures for each factory. That gives a cost of 5 cents a pound for three-fourths of the island's production last year, and that is undoubtedly correct; that is, the crop that ended last July.

For this coming year such factories as have been able to make estimates give figures running from 3.5 to 4.6 cents, an average, f. o. b. Porto Rico, of 3.89 cents per pound.

Senator SMOOT. That is 96 per cent raw sugar?

Mr. DILLINGHAM. That is 96 per cent raw sugar.

Senator MCLEAN. Why does it cost twice as much to produce in Porto Rico as it does in Cuba?

Mr. DILLINGHAM. Porto Rico has no virgin land; it is land that has been in cultivation for a great many years and needs fertilizing and cultivation, as is done in a garden here. In other words, it is more like Hawaii than like Cuba. We have no land that will produce crops year after year without replanting and cultivation. We have to plant every year ordinarily, and at least every two years on the average; some lands give a crop for three years, but very few; land has to be irrigated on the south coast, fertilized, and cultivated by instruments or by hand, which is not done in Cuba and Santo Domingo to any large extent.

This sugar that will cost 3.89 cents f.·o. b., must be transported to New York at a cost perhaps the same as last year, a little over 20 cents per 100 pounds and the expenses of bringing it to the coast and landing it in New York will make the total cost c. i. f. New York, between 4 and 4½ cents.

I do not think it is possible for the island as a whole to do as well as that. I think that when our season is over we will find we have been a little hopeful about reducing costs. So far they have been reduced materially, but there are some things that can not be further reduced. The cost of cane has risen, and, on account of increases in the cost of labor and supplies, it is not going back as fast as it came up. I doubt if we ever get back to prewar costs. The net result is that we need, in order to sell in competition with Cuba, "delivered in New York" price of 2 cents is reasonable, as I believe it to be, another 2 cents effective duty, in order to break even in Porto Rico.

(Mr. Dillingham submitted the following statements:)

Cost of production of sugar in Porto Rico, season of 1920–21.

Centrals.	Cost per 100 pounds.	Centrals.	Cost per 100 pounds.
Guanica	$4.96	Columbia	$5.8[illegible]
Cambalache	4.5612	Los Canos	4.3[illegible]
San Vicente	4.6847	Central Defensa	6.67
Plazuela	3.75	Sta Isabel Sugar	5.17
Juanita	4.58	Antonio Roig	5.[illegible]
Constancia, Ponce	5.078	Juncos Central	5.31
Mercedita, Ponce	5.4838	Central Victoria	4.545
Vannina	5.051		
Carmen	4.7512	Average	5.0[illegible]

Estimated cost of sugar in Porto Rico for the years 1921–1923.

Centrals.	Cost per 100 pounds.	Centrals.	Cost per 100 pounds.
Guanica	$4.00	Central Defensa	$4.[illegible]
San Vicente	4.00	Sta Isabel Sugar	3.[illegible]
Plazuela	3.32	Juncos Central	3.[illegible]
Mercedita, Ponce	3.712	Aguirre	4.0[illegible]
Columbia	4.25	Fajardo	4.[illegible]
Los Canos	3.89		

Average, based on 1921 production, $3.89.

BEET SUGAR.

[Paragraph 501.]

ATEMENT OF FRANCIS KING CAREY, BALTIMORE, MD., PRESIDENT NATIONAL SUGAR MANUFACTURING CO., SUGAR CITY, COLO.

Mr. CAREY. Mr. Chairman and gentlemen of the committee, quite nexpectedly I have been asked to sing the first hymn at the opening f the beet-sugar services before your honorable committee. I will nly sing one verse of it, and will try to make that a brief one, because will be followed by gentlemen who represent interests vastly larger han my own, and who can speak with larger expert experience of he agricultural and manufacturing subjects about which you will e glad to be advised:

I am the president and controlling owner of the National Sugar fanufacturing Co., which operates a small but entirely independent eet-sugar plant at Sugar City, in Crowley County, Colo., with a ated slicing capacity of 600 tons of beets a day. If the great Republican Secretary of Agriculture, the late James Wilson, were still live I might almost be tempted to hold him responsible for some of ny losses in the beet-sugar business, because the Sugar City plant was eally a child of the splendid propaganda for which Mr. Wilson was argely responsible, in the interest of the development of the arid ands of the Mountain States which could be brought into cultivation y irrigation. I think it was largely due to the Department of Agriculture that alfalfa was made one of the valuable crops of this region; ut artificial irrigation makes land expensive, and Mr. Wilson sought for an intensive crop which could be made highly profitable and which would add to the productivity of the soil for grain and other crops, and his clear mind, backed by his indomitable energy and enthusiasm, led many people, including those who established the plant at Sugar City, to invest enormous sums of money in establishing the beet-sugar industry in the United States. Speaking seriously, I think it is fair to say that the beet-sugar business in the United States is distinctly the creation of Government propaganda, conceived in the interest of the people of the United States at large.

When the construction of our plant at Sugar City was begun 21 years ago its surrounding territory gave life only to coyotes, antelope, prairie dogs, and lean kine. The soil had never been upturned, and, if I may use the jocular expression of the West, it was a barren prairie on which "the hand of man had never set foot." The men who backed this plant went 10,000 feet above tidewater near Leadville and built a great dam in front of the Twin Lakes where we now impound over 53,000 acre-feet of water and bring it 200 miles—as far as from Baltimore to New York—to aid in the irrigation of 56,000 acres of irrigated land, of which now in the neighborhood of 42,000 acres are being successfully cultivated with alfalfa, sugar beets, canteloupe, wheat, corn, beans, apples, cherries, and, indeed, practically all other farm products. From absolutely wilderness conditions the construction of our beet sugar plant has built up the bright little town of Sugar City, with a population in and tributory to it of about 2,000 people, with a snappy little newspaper, a sound little

bank, two hotels, a little theater, five churches offering five differen ways of climbing the "golden stairs," and public school building which would do credit to an eastern town of 20,000 people. Th primary school building cost about $70,000, and the new high schoo building cost over $120,000. At Sugar City alone 600 children ar enrolled, and in the adjoining towns of Ordway and Crowley, wil similar high-class school buildings, as many more. A boy or gi graduating at the Sugar City high school can pass without furthe examination into college life. Under the consolidated school syste which prevails in Colorado "the little brick schoolhouse" with it underpaid and undertrained teacher is not known. From the beau tiful school buildings at Sugar City, which are models of ventilatio light, and equipment, gasoline omnibuses proceed each morning int the country districts and bring the farmer's child to school, returnin him in the afternoon. Our company is the largest taxpayer in Crowle County, and the taxes we pay—between $30,000 and $40,000—fu nish a large part of its total receipts. It is possible that the Missou Pacific Railroad pays larger taxes. Within the last two years i has completed a really beautiful up-to-date railway station at Suga City at a cost of about $60,000 at which all the transcontinenta trains stop, in both directions.

Senator WATSON. In what year was your plant built?

Mr. CAREY. In 1901. Some years ago, Mr. Chairman, I said, i speaking before a committee of Congress, that I thought it was rea sonably probable that if our American friends who have invested thei money in Cuba succeeded in stopping the flywheel of our great Corlis engine, and in silencing the whistle which called our highly traine labor organization to its work, the schoolteachers of Crowley Count the 1,200 children who are getting their education as America citizens, the farmers who are profiting by the growth of sugar beet the little banker, the little newspaper editor, the storekeepers an the day laborers, like John Brown, "Osawatomie Brown," would b "bound to give you trouble" if you nail their coffin down.

At this point, Mr. Chairman, I refuse to be misunderstood. M sense of humor is sufficiently well developed to prevent me fro assuming for a moment that either the members of this committe or any other Members of the Congress, are interested in "hard-lu stories" about losses in business. We are not, therefore, seekin shoulders on which to shed our tears, because we know that busine men everywhere have suffered great losses and have no tears t spare for other people. Hard-luck stories to-day remind one of th game of golf. If you start to tell a golfer what experience you ha at the seventeenth hole of a particular golf course, he will not pay th slightest attention to a single word you are saying, but as soon as h can break in he will tell you his experience at the tenth hole.

Senator McCUMBER. None of the members of this committee, M Carey, know anything about the game of golf and don't understan the meaning of your simile. [Laughter.]

Senator SMOOT. None of the members of this committee are o enough to play golf yet. [Laughter.]

Mr. CAREY. In view of the executive interest in golf, Senator think this committee might take judicial notice of the game. suggest, however, that if you don't play golf, you will never b President of the United States. I might add that, from my person

experience with presidential golfers, you don't have to know much about the game to become President. [Laughter.]

Of course, the real question before this committee is not whether this or that company, or this or that stockholder, has lost his money in the beet-sugar business; but whether the beet-sugar business is worth preserving; whether it is really approaching the valley of the shadow of death, and whether, assuming the truth of the first two assumptions, it would not be wise for the Congress of the United States to take any reasonable steps that are necessary, solely in the public interest, to preserve it. The logic of the situation can be simply stated in the proposition which the beet-sugar industry hopes to establish by argument and testimony as follows:

PROPOSITION.

1. Because of the industrial importance of the beet-sugar industry to the people of the United States in the employment of labor; the support of agriculture, including the payment to the American farmer of an adequate price for an important product of the soil, and because of the protection which the beet sugar supply gives to the required sugar supply of the United States, it would be against the public interest that the Congress should take any step which would imperil the continuance of beet-sugar manufacture, or omit to take any step which is reasonably required for its preservation.

2. The cost of manufacturing beet sugar at the present time, with efficiency of operation and the use of all known chemical and mechanical economies, is so far affected by the high cost of American labor which is thought necessary to maintain American standards of life that beet sugar can not at present compete with cane-granulated sugar refined from raw sugar produced in countries where a very much lower cost of labor prevails, because a very much lower standard of life for the laborer is thought sufficient, and because of this fact, added to the very large overproduction of sugar in Cuba, the American beet-sugar industry is threatened with virtual extinction during the coming year.

3. Public interest, therefore, demands the imposition by the Congress of a duty on imported raw sugar, which will enable the American beet-sugar industry to continue to perform its valuable industrial functions; and for that purpose the import duty must be made high enough to equalize the cost of producing the imported raw sugar, plus freight and refining cost, with the average cost of manufacture of standard granulated sugar by the beet-sugar plants of the United States.

Now, let me speak briefly on the major premise of this proposition: Is the beet-sugar industry, from a public standpoint, worth preserving?

A few striking statistics relating to the magnitude of the beet-sugar industry will be interesting. It manufactures annually about 1,000,000 tons of granulated sugar—or say, 20,000,000 bags—and at the present approximate average cost of manufacture, we start with an annual operating outlay, including the payment of wages of labor, price of beets to farmers, and cost of supplies, of over $100,000,000. There are 95 beet-sugar plants now constructed in the United States, in 17 separate States which have a total daily slicing capacity—a capacity which is in a great number of cases largely exceeded—of 105,950 tons. It is fair to estimate that the total replacement cost of these plants, including warehouses, beet sheds, beet dumps, pulp drying plants, pulp silos, feed yards, trackage, factory water supply, etc., is between $175,000,000 and $200,000,000, so that a reasonably conservative estimate of the total plant value and annual operating disbursements would not fall far short of $300,000,000. The total acres of beets grown in the United States in 1921 was 880,000 acres. It goes without saying that the withdrawal of that huge number of

acres from beet-sugar culture, and their application to the growth of other crops, is not a matter to be lightly thought of. Over 100,000 farmers, employing about 85,000 laborers are engaged in the beet industry. The factories themselves employ at high wages over 35,000 men, which by the way is in striking contrast to the number of men employed in the refining of cane sugar in this country, which, as is known, is a process of manipulation and not a process of manufacture.

It is not possible to overstate the importance to the people of the United States of the fact that the beet-sugar industry produces at a reasonable cost, within the political borders of continental United States, practically 1,000,000 tons of the finest and purest standard granulated sugar made in the civilized world, which is not only safe from the closure of the high seas by war from the outside, but is to such an extent manufactured at inland points that it is safe even from a temporary invasion of our shores by an enemy country. But it has a far higher value in times of peace than that arising from war conditions. If a nation like the United States can manufacture from its own raw material—i. e., from beets grown within its border—nearly one-fourth of its own consumption (increased to about one-half of its consumption by American-grown cane and cane sugar coming from its insular possessions), it has a great factor of safety in keeping down the price of sugar to its people; if it is threatened by some great sugar source, like the island of Cuba, with an attempt to hold back and speculate with its sugar supply. It will not be forgotten in this connection that this source of supply may be, as in the case of the island of Cuba, a country over which the laws of the United States have no control. At the close of the late war the price of granulated sugar in the United States rose to the preposterous figure of between 25 and 35 cents a pound, based on the speculative price of raw sugar which was established in Cuba, but it will be remembered that this rise did not and could not take place until the beet-sugar supply was practically exhausted. In 1920, during which year Cuban raw sold at 23 cents a pound, refined beet granulated at the plant sold at an average of less than 12 cents a pound. Our company received for its entire 1919–20 product an average of less than $10.50 a bag of 100 pounds. We were formally offered $18 a bag for our entire output. If we had felt at liberty to accept this offer, it is quite needless to say that we would now be "making faces" at our banks.

While it is not intended to make any invidious comparisons between the patriotism and generosity of the beet-sugar industry and other great industries which bent their backs to help win the war, Mr. Hoover has publicly justified the pride of the beet-sugar industry in the fact that it was the first great American industry voluntarily to submit its operations to the control of the Food Administrator. I quote from Mr. Hoover's official statement in the New York Times of August 27, 1917:

> The beet-sugar producers of the country have patriotically agreed with the Food Administration to limit the price of their sugar to a basis which should result in a reduction of about 1½ cents a pound from the present price, effecting a saving of $30,000,000 to the consuming public between now and the first of next year. * * * This patriotic action of the domestic beet-sugar industry in acting as a control over the price demanded for imported sugar will not only make the saving mentioned above between now and the end of the year, but will contribute largely to establish a lower price for imported sugar throughout next year.

If this "patriotic action" saved the American sugar consumer $30,000,000 in a few months of 1917, to what huge proportions must that saving have gone in 1918 and 1919, during which years the beet-sugar supply aided in keeping down the price of all sugar consumed in the United States, and in 1920 when what Mr. Lowry has well called "the sugar debauch," which was brought on by the folly of American capital invested in Cuba, drove the price of refined sugar to the consumer to over 30 cents a pound? The members of this committee will think long and carefully before they permit the conspiracy to destroy the beet-sugar industry of the United States to reach its goal, when they contemplate the fact that in a short space of three and a half years the beet-sugar industry probably saved the people of the United States over $250,000,000.

Senator SMOOT. Mr. Carey, as you are familiar with the conditions in Colorado, will you tell the committee what you know about the employment of children in the beet fields?

Mr. CAREY. Senator, the introduction of this subject has taken me by surprise and I am not prepared to give actual statistics, but I am intimately familiar with the subject in connection with the operations of our own plant and I have a sufficient familiarity with it throughout Colorado, so I can speak with confidence. In the first place I do not believe for a moment that the industry resents in any way the cooperation of anybody, official or otherwise, in helping it to solve the human problems which are necessarily involved in operations so intimately connected with community life. I might feel at liberty to suggest that philanthropists and uplifters, for whom I have the highest respect, sometimes make the mistake, from a natural human desire to pursue their work in a dramatic way, of conducting their investigations outside of instead of in cooperation with the welfare department of the manufacturing industry which is doing its best to promote humane conditions. But this is the first instance in my knowledge of a Government department permitting the attorney of a selfish interest to drag from its pigeonhole a report which had been long forgotten and give its photographs to this attorney to be used in wicked and malicious propaganda which is against the interest of the child itself.

Now, what are the facts in regard to the employment of children in the beet field? But few companies raise any beets themselves. They get them through contracts with individual farmers. For example, out of a beet acreage of over 6,000 acres, our company planted itself only 43 acres; and those only for experimental purposes to test beet seed, fertilization, and methods of irrigation. It follows, therefore, that the sugar company has practically no control over the kind or character of labor which the farmer employs to bunch and thin his beets in the spring and to top them in the fall, these being the only two operations in which children are to any extent employed.

It is true that the company can exercise some moral influence over the farmer and the farmer's wife in encouraging them to protect the younger children and in insuring them their education; and the compulsory school attendance law of Colorado is an aid to the sugar company in exercising this moral influence, because it is true of Colorado as well as of all other enlightened communities that family standards can best be raised through the child itself at the public school. The standard set for the child by its

school-teachers finds its reflex in the growing pride of parents in the child. A consolidated public school, like the primary and high schools of Sugar City, is the community center around which all kinds and classes of the community revolve; because it knows no race, no politics, and no special religious belief. The fact is, of course, that it is the natural temptation of all beet growers, who have not become too much Americanized, to put "the whole family" in the field during the bunching and thinning period of about three weeks in the late spring, and during the topping period of about three weeks in the early fall. Both of these operations, while highly profitable, involve but little physical effort. In my county they are conducted in the green fields under the amethyst blue skies and in the cool white sunshine of a wonderful climate. If the distinguished attorney who said he spoke for the New York and Canadian bankers, who are now threatening to liquify their frozen credits by throwing their collateral sugar on the American market at a cent a pound, had felt disposed to shed his crocodile tears over the children of the east side of New York, whose sweatshop parents are destroying their progeny in the stifling rooms of sordid New York tenement houses, he would at least have had some foundation for his simulated grief. But I am glad he brought the subject up because he has very unwisely attacked the beet-sugar industry in its strongest intrenchment.

No fair man will deny that it is the great glory of the beet-sugar business that it is a notable builder of civilization, and that everywhere it plants its feet flowers of community advancement bloom. The beet-sugar business touches nothing which it does not improve. It improves the soil; it increases the output of other crops; it raises the wages of labor; it raises the standards of home life; it increases the self respect of every member of the family, and it is by the raising of the family standards that the problem of child welfare is soonest solved. Every builder of civilization has to deal with family conditions which are difficult because from previous want of education, or from previous want of association with American standards of life, the family unit—Russian, Mexican, Slav, and the like—makes resistance to the most enlightened work of the most enlightened industrial movement; and it takes patience and tact to advance even slowly. I can say on my own authority and from my own observation that no child of any age comes into Crowley County without being benefited. They often come undernourished, anemic, with crooked spines and with all the other evidences of parental neglect, due to poor home surroundings. First of all the school takes hold of them. The parents see the standards which the residents of the county maintain. The children themselves develop a self-consciousness, and the mother love will do the rest. As for the published report itself, with its so-called startling statistics, no one who is interested in the education of the child, and who has taken any part in the new movements for his vocational training, will be misled by these so-called startling statistics. Surveys of the public schools of our largest and most prosperous cities give like "startling statistics." I have recently read such a survey which indicates that the teeth of nearly 70 per cent of the public school children of a large city had been hopelessly neglected. I have read another survey of the same character which would seem to prove that almost the same

roportion of public school children have crooked limbs or spines. nd the last survey I read indicates that almost an equal proportion re undernourished, largely because of the absence of milk for their ood. All of these reports have their value, even if they do sometimes prove too much; because they serve to call attention to abuses nd suggest methods for their remedy.

Senator McCUMBER. Don't you think the child growing up will ecome a better citizen if he is compelled to work part of the time? think we are spoiling the children of the present generation. Soon e will be producing children that can not walk. We send for them nd take them to school in automobiles and take them back from chool to their homes. Work is what they need to make them good itizens. Don't you think that is true?

Mr. CAREY. I suppose it is, Senator; but I would qualify your tatement by saying that, in my opinion, every child is entitled by ight in America to a public-school education up at least to the eventh grade; and if the parent tries to capitalize the child in such way as to deprive him of this modicum of education I think the tate ought to step in and force his hands. The superintendent of ublic instruction at Sugar City understands perfectly, and acts upon he understanding, what my views are as president of my company; hat where the interest of the sugar company and the interest of the hild conflict the child is to have the right of way.

Senator McCUMBER. There is growing up a sort of idea that the hild should not work until he is 16 years of age. If he has not earned to work by that time, I am afraid he will never learn.

Mr. CAREY. Of course, that is true to a great extent. You will never persuade the farmer that his 12-year-old child should not milk the cow and do housework, and I don't suppose it is desirable that he should be so persuaded. The question of the use of children in the beet field resolves itself into the question as to how they should be employed and how long they should be employed each day. It is an easy job, a very profitable one and is almost always done under the direct supervision of the parents of the child.

More competent speakers than I will follow me who will tell in detail the history of the relations of Cuba to the United States so far as these relations bear upon the beet-sugar industry and will also advise you of the exact present conditions of these relations. But in closing my argument perhaps you will permit me to refer briefly to the claim which Mr. Atkins and other representatives of American capital invested in Cuba have advanced that this American capital was equally entitled to protection as the capital invested in the American industry. As Mr. Atkins is a Bostonian he will not charge me with the use of "high-brow language" when I suggest to him that his claim involves the fallacy of the undistributed middle. Of course, the American capitalist is entitled to the protection of its Government in foreign countries; but this right is surely subject to this limitation: When American capital is employed in a foreign country in such a way as to prejudice the best interests of the people of the United States, it can not to that extent expect protection. To show the fallacy of the argument, let it be assumed that there was an island, which we will call Island A, which permitted human slavery—not near human slavery but actual slave ownership. It goes without saying that American capital could make sugar in

Island A and ship it to the United States at a price which it would be impossible for American labor, controlled by American standards of life, to compete with. If permitted by law, this process would put the American sugar industry to sleep, and put the American sugar consumer in such a position that Island A could dictate to the 100,000,000 people of the United States exactly what price they paid for sugar.

Now, no one will deny that the relations between Cuba and the United States present this condition only in a slightly modified form. The fact that a great agricultural country like Cuba has to import from the United States its milk and eggs is a fairly good indication that the "home," as we Americans understand it, hardly exists in Cuba. The American home is an expensive proposition. It means a little automobile for the farmer; it means running water in the house and a victrola for the wife; it means decent clothes for the whole family; it means taxes for education; it means contributions to churches, and amusements; it means a bit of travel now and then; and it means the ambition of the parents for the children that they shall have their education and equal opportunity to advance in the world as far as any other citizen of the United States. One does not find it necessary to exaggerate labor conditions in Cuba to show the contrast. It seems to be conceded, for instance, that labor in Cuba is now receiving about 60 cents a day, paid in store supplies at retail prices. Can you imagine an American farmer submitting himself to that humiliation? Mr. Atkins has forgotten, moreover, that American capital invested in Cuba is responsible for the debauch which has brought Cuba to its present pass. No one can claim that the beet-sugar industry has the slightest responsibility for the present oversupply in Cuba, and it would be utterly unfair to make the beet-sugar industry pay for the blunder. While Cuba has been increasing her output about 60 per cent, the beet-sugar industry in the same period has only increased its output by about 8 per cent.

I believe I have made it reasonably clear to your committee that the beet-sugar industry, through no fault of its own, is seriously threatened with conditions which no financial prudence and no extent of credit can meet without the assistance of the Congress of the United States. The Congress controls the first line of defense, against which the banker, with his frozen credits; the American capitalist in Cuba, who is the victim of his own folly; and the refining interests of the United States, which view with alarm the rising dignity of the beet-sugar business, are marshaling all their forces, with a combined purpose of putting the beet-sugar industry out of business.

I respectfully ask your committee, so far as it lies within your power, to say to this army of destruction, as the brave French Army, with its back against the wall, at Verdun said to the onrushing German legions: "Ils ne passeront pas!"—"They shall not pass!"

STATEMENT OF W. D. LIPPITT, DENVER, COLO., GENERAL MANAGER OF THE GREAT WESTERN SUGAR CO.

Mr. Lippitt. On behalf of the domestic beet-sugar industry, I should like to submit to your committee a brief memorandum relating particularly to certain agricultural features of the industry.

At the present time sugar beets are being grown in 17 States in this country, ranging from California on the west to Ohio on the east. The sugar-beet territory may be roughly divided into three major groups, i. e., the Pacific coast area, comprising California, Washington, and Nevada, served by 18 sugar factories; the Rocky Mountain area, comprising Utah, Idaho, Montana, Colorado, Wyoming, Kansas, and Nebraska, served by 55 factories; and the eastern area, comprising Minnesota, Iowa, Wisconsin, Michigan, Illinois, Indiana, and Ohio, served by 33 factories.

During the season of 1921 approximately 800,000 acres of sugar beets were grown in the United States, from which were harvested 7,500,000 tons of beets, an average yield of about 9½ tons per acre. The current season's yield per acre was slightly below the normal average for the country of above 10 tons of beets per acre. Engaged directly in the growing and handling of the crop were 100,000 farmers, 65,000 field workers, and 35,000 mill operatives. The crop was produced almost entirely by growers independent of the factories, and under contracts entered into with the manufacturing companies in the winter of 1920–21. These companies paid the growers for beets during the past season about $50,000,000, and in addition to the expenditure for beets, approximately an equivalent amount was paid for operating supplies, labor, and railroad freights, the bulk of this money being distributed in the various territories in which mills were operated. From the fact that during the past year over one-half of the cost of producing beet sugar, and under normal conditions about 60 per cent of the cost, covers payment to farmers for sugar beets, it will be apparent that the industry is essentially and fundamentally an agricultural one. The transformation of the beet crop into edible sugar after it has been delivered at the factories by farmers is a function comparable to the handling of wheat by thrasher man and miller—necessary, to be sure, but by no means so important a factor in production as the agricultural end.

The status of beet-sugar production in our American industrial economy is frequently misunderstood because of a failure to recognize its essentially agricultural character. In the territories in which sugar-beet growing has been established the sugar factory is just as much an adjunct of the farming system to-day as the thrashing outfit, the grain elevator, the stockyard, the creamery, or other necessary marketing facilities.

In all of these districts, and more particularly in the newly developed areas in the West, the sugar factory constitutes a sort of focus or headquarters for varied agricultural activities throughout the surrounding country side. Each factory employs a staff of experienced and trained agriculturists, familiar with local farm problems, who, in a sort of advisory capacity, supervise the growing of the beet crop. Their activities correspond very nearly to those of the local country agricultural agents, with whom they work closely for the promotion of general agricultural progress.

The agricultural assistance furnished by beet-sugar companies in the districts in which they operate is a feature rather unique in American agriculture. The field specialists of the companies, while primarily interested in promoting the successful culture of sugar beets,

perform a very valuable service to all related farm activities in their districts. They are, for instance, constantly on the watch for outbreaks of plant diseases and insect pests. In the Colorado and Nebraska territories during the past season we secured by express shipment from the East and distributed among farmers over 600,000 pounds of Paris green for the purpose of combating a rather general outbreak of worms and grasshoppers threatening the destruction of alfalfa, grain, and sugar-beet crops. Prompt action, which was possible through the centralized handling of the situation, avoided in this instance a tremendous crop loss.

The field departments of the various sugar companies attend to the procuring and distribution each year of from 50,000 to 75,000 field workers. The field labor requirements of the sugar-beet crop occur at definite periods in the spring and autumn, and because of this the labor brought in for working the beets is available for field work on other crops during the balance of the growing season. This economical and complete utilization of labor makes any serious farm labor shortage virtually unknown in sugar-beet districts, a fact particularly manifested during the war period.

For many years the business of producing beet sugar was considered to be a strictly manufacturing enterprise. Beets were contracted and paid for at fixed prices which showed little variation from year to year. The fluctuations of the sugar market were largely absorbed by the manufacturing companies, and the farmers had only a mild and perfunctory interest in the marketing or market prices of refined sugar. That view of the business has undergone a distinct change in recent years, and methods and policies have been altered correspondingly. Almost without exception sugar beets are to-day purchased from farmers under contracts the prices of which fluctuate in a definite relationship with changes in the prices of sugar in the American market, and which usually provide in addition a guaranteed minimum payment not dependent upon changes in the price of sugar. The guaranteed minimum price is necessary to assure the grower a return to cover approximately his cost of production, which in turn provides sufficient stability to the business to insure a fairly constant volume of beets from year to year. This close relationship between the grower of sugar beets and the sugar manufacturer makes the prosperity of each directly dependent upon the market price of sugar.

The American farmer is to-day the American sugar producer, and as such has a most vital interest in the American sugar market and sugar prices.

The sugar beet is a crop which fits so admirably into the agricultural system of large areas of the United States, and which in many Western States at least is almost an essential part of the farm economy that in the words of a western farmer, "If the crop did not exist to-day it would have to be invented."

The experience of all countries on the face of the earth has been that a successful agricultural system demands the inclusion of a crop which is cultivated periodically during the growing season. The continuous planting of land to grain, hay, and other similar crops, which are not, under ordinary circumstances, given any cultivation after planting, brings about more or less gradually a condition under which lands become infested with weeds and other foreign growth and subject to an accumulation of plant diseases and insect pests. On the

other hand, the successful handling of a cultivated crop requires, at intervals during the growing season, a physical cultivation or loosening of the soil between the growing plants. This cultivation modifies and improves the soil structure and condition and destroys weeds and other undesirable growth, preventing their reseeding and dispersion.

In continental Europe and in Great Britain, where agriculture has probably reached its most intensive development, root crops, such as sugar beets, potatoes, and turnips, have been selected by experience as the cultivated crops best adapted to the various cropping plans. Our American agriculture possesses two other important cultivated crops in corn and cotton which, within areas fairly definitely limited by climate, satisfactorily fill the requirements of a cultivated crop. It is a well-known fact, however, that there are large areas in this country in which neither corn nor cotton can be successfully grown. Potato growing is similarly confined because of special soil requirements to fairly limited areas. Curiously enough it is in those territories where the growing of other cultivated crops is not highly successful that sugar-beet culture has reached its best development. Sugar beets have been successfully grown throughout the northern latitudes of the United States upon a wide variety of soils and at elevations varying from sea level to 6,000 feet above sea level. Many areas incapable of growing other crops successfully have found their salvation in the introduction of sugar-beet culture. The crop, for instance, exhibits a unique resistance to the effects of alkali which contaminates large areas of land, especially in the western States. The subduing and reclamation of such lands over wide areas has been made possible in a number of well-authenticated instances by the introduction of sugar-beet culture.

The value and benefits of sugar-beet growing are rapidly being recognized by farmers in the Central and Western States. Many, many communities where lands have become impoverished and infested with foul growth due to continuous cropping to grain are to-day exerting every effort to induce the construction of sugar factories in their districts. They have before them in the established sugar-beet districts a demonstration of what the crop has accomplished. I think I am safe in saying that during the past two years of agricultural depression the districts in which sugar beets are grown have without question been disturbed less than any farm districts in the country. My own State of Colorado suffered severely in its great basic industries, and particularly in stock raising and feeding, mining, and the manufacture of steel, in the depression which followed the war. It is my sincere conviction that the whole industrial and banking situation of that State was saved by the $60,000,000 paid the beet-growing farmers in the 14 months covering the delivery of the crops of 1920 and 1921. I have no doubt that a similar story could be told of many other beet-growing States.

The industrial life of America is so organized that our population is heavily concentrated in the eastern area of the country. The bulk of the food supplies for these people must be produced in the more sparsely settled districts of the Central and Western States and transported to the East. Obviously, under such an arrangement, it is of much importance, in order to avoid a waste of national energy, that the food so transported should be in concentrated form. Huge quantities of western farm products can be economically mar-

keted in the food-consuming centers of the East only by being transformed into live-stock products.

While this method of marketing crops, such as hay, corn, barley, etc., is doubtless the most feasible and profitable under existing conditions, it necessarily and unavoidably entails much waste. A large part of the food consumed by an animal is utilized to maintain the animal during the fattening period. We feed 500 to 1,000 pounds of hay and grain to produce a gain of 100 pounds of live stock.

Compare with this the economy of beet-sugar production. An average acre of sugar beets produces 2,500 pounds of pure, white granulated sugar, constituting a human food, 100 per cent of which is digestible. In addition to the major product, sugar, there are various by-products of great value. Utilizable on the farm and constituting excellent food for live stock are the plant tops which are removed before the crop is delivered at the factory, the residual pulp and the molasses from the manufacturing process. Properly fed to live stock in a balanced ration, the mere by-products from an average acre of sugar beets will produce approximately 300 pounds of meat in addition to the production of a ton and a quarter of sugar from the same acre. The by-products alone of an acre of sugar beets will produce as much human food in the form of meat as will the entire product of an acre of corn. I regard as quite conservative the estimate that the by-products of an acre of sugar beets will, properly handled, produce 300 pounds of beef or mutton. Using this as a basis, it will be apparent that in addition to the output of 1,000,000 tons of sugar each year the industry should be credited with an annual contribution to the national food supply of 240,000,000 pounds of meat products.

Many exhaustive and careful investigations have shown convincingly that there is no other crop grown on a commercial scale in the United States that produces the surplus food per acre that the sugar beet does, taking into account both the sugar and the various by-products properly utilized. In fact, I believe this comparison will apply in like manner to any crop grown commercially in the Temperate Zone.

This is a startling and comprehensive statement, but the fact has long been, and is to-day, recognized and taken advantage of by Germany and other countries of continental Europe. The English people, whose policy for so many years was to buy sugar in the cheapest markets of the world, are to-day taking steps to establish an English beet-sugar industry, and, moreover, are doing it partly by the investment of governmental capital.

The question might be asked, "Why, if the beet-sugar industry contributes so many agricultural advantages, does it need tariff protection?" Such a query can be easily and, in my opinion, effectively answered by the statement that cane sugar can be produced in the Tropics at a cost with which the sugar-beet farmer and the domestic manufacturer can not compete, but under conditions and at a standard of living which we most surely do not want to see duplicated in America.

The value and adaptability of the sugar-beet crop to American agriculture must be obvious to anyone. It is almost inconceivable that the American Government will fail to shape its tariff policy to protect the industry in the present crisis.

STATEMENT OF C. H. ALLEN, DEFIANCE, OHIO, REPRESENTING UNITED STATES SUGAR MANUFACTURERS' ASSOCIATION.

Mr. ALLEN. Mr. Chairman and gentlemen of the committee, I have been interested in the sugar business on the agricultural side for something like 15 years. About a year and a half ago, in connection with some farmer friends, we organized a sugar company with the expectation of building a sugar factory and supplying that factory with beets from our own farms. I am president of that company at the present time. In fact, I am president of a sugar company without a factory. I am representing those men at the present time. There are now about 1,200 of us in that company.

As a representative of the farmers of northwestern Ohio, who are greatly interested in the production of sugar, we wish to present our views before this committee showing what relationship this question of tariff has to our business and why we consider the question of an increased production of sugar through the growing of sugar beets on our own soil of equal interest to the consumer of food products as to the producers of the same.

It has been unfortunate that the so-called sugar companies are the only ones who have been interested enough in the sugar question to go before Congress and try to place before them the conditions governing the industry. Naturally we begin to suspect there is some ulterior motive behind their advocacy of such a measure. Because of the large amount of money invested in the plants necessary for the extraction of sugar, they have been compelled to study the question of the production of sugar from a manufacturing standpoint and they are well aware of the impossibility of continuing and increasing the business unless there is adequate protection against the climatic conditions of the Tropics.

It is time, however, the general public should know the factory end of the business is the small end of it, in spite of the large amount of money invested in factories. The sugar business is not a manufacturing business but an agricultural one.

No combination of iron, steel, glass, or cement ever made an ounce of sugar; it is not made inside of four walls nor made by operating any machines, however complicated and ingenious.

Sugar is grown, not made.

It is the product of the soil, the air and the water, just as much so as the wheat and corn and oats and cotton the farmer raises.

It requires the same careful attention from the time the seed is placed in the ground until the crop is harvested and hauled to market: it is subject to the same vicissitudes of season and climate that other crops are, whether it is grown in cane or beets.

The so-called sugar factories are nothing more than huge extractors or threshing machines that thrash the sugar from the cane or beets placed there by sunlight and rain with the assistance of the farmer.

We do not consider the owners of thrashing machines the producers of wheat and oats nor the owners of cotton gins the producers of cotton, and we should not consider the owners of sugar factories the producers of sugar.

Members of Congress and the general public should ever keep this in mind, and although the sugar business takes in the thrashing

machines, the big issue, the thing to consider above everything else, is how any action Congress may take will affect the growers of sugar (the farmer), the conservation of the soil he uses, which is the basis of the continued prosperity of our country, and the economic results that may accrue in the future to our country as a whole; necessarily this takes in the consumer of food products as well as the producer.

We must have sugar. There was a time in the history of the world when mankind could get along without it, but that time has passed. The more civilized we become, the greater the amount of sugar we use.

We can obtain it from but two sources, cane or beets.

If we get it from cane grown in the tropics the great bulk of it must come from foreign shores, if we get it from beets it can all be grown on our own soils.

What is the best policy for this Nation to pursue, grow it or buy it?

If we consider only the cost of sugar to the consumer there is nothing more to be said. Sugar can be grown in the tropics, shipped to America, run through the laundries (the refineries) and retailed throughout the country cheaper than the American farmer can raise it in this country from beets. The reason for this is climate and can not be overcome.

If we decide the best policy for this Nation is to buy it, the cheaper the better, the American farmer may just as well give up his dream of sugar production, scrap his special tools, give up the benefits he has learned the beets produce on the soil, and follow the farming methods of his forefathers.

Senator McCUMBER. And after he has given it up, what about the price, then?

Mr. ALLEN. That I can not say.

Senator SMOOT. You can guess at it?

Mr. ALLEN. Yes; we can guess at it.

If we decide to grow it we must make up our minds that it can not be done without protection from the cheaper sugar of the Tropics.

The whole of Europe could not do it, although the labor on her fields cost from a half to a third less than with us. Then how can we hope to succeed?

Why should we try to produce sugar when we can buy it cheaper?

Why did Germany, in order to develop her sugar business, pass such laws that allowed her sugar to be sold in England at less than the cost of production?

Why at the present time has France such a very high tariff rate on sugar?

Both of those countries could buy their sugar from tropical countries much cheaper than they can produce it, but instead they prefer to tax themselves, at least temporarily, for some great benefit.

What is this benefit and can we obtain it by following the same policy?

We, the farmers of northwestern Ohio, who have been growing sugar for the short space of 10 years, have begun to realize what these benefits are and see no reason why we should not take advantage of the experience of these European countries.

The production of sugar has increased the production of all crops grown after beets.

Outside of the great benefit of being independent of any foreign country in the supply of one of our most important food crops we increase all other food crops by the use of this one.

The policy governing the agricultural practices of all countries who produce large crops per acre is directly opposite to the practices we follow in this country.

We have begun to understand now why we, with practically virgin soil, have not been able to equal the yields of European countries.

For the past 20 years the great paramount issue before the American people—outside that of war—has been the "high cost of living," and the same issue is sure to come before the people when we have reached normalcy.

We farmers have been asked time and time again why food products should keep climbing higher and higher in price, and when we answer that land is increasing higher and higher in price and in order to make interest on the investment we must obtain more for the products of the farm, the question has come, why higher land prices?

The answer is because of the scarcity of good lands.

The time of cheap fertile land has long since passed. Up to 20 or 25 years ago we depended for an increased food production upon increasing the amount of land under crops; the more land under cultivation the more crops. About that time we woke up to find there was no more good land immediately available for the production of crops.

Then the pinch began, and as we are not increasing our farming land area in proportion to the increase in population, the price of land and with it the price of food products naturally increased.

Senator McCUMBER. They have not increased much lately.

Mr. ALLEN. No, sir; they have not. But think of what they were 25 years ago.

Senator McCUMBER. I am speaking of food products.

Mr. ALLEN. There has been a tremendous increase. There is talk in the cities and everywhere about the high cost of food.

Senator SMOOT. It is not too high in proportion to what it costs.

Senator McCUMBER. The wheat that goes into your flour is as cheap to-day as it has been for 20 years.

Mr. ALLEN. I shall come to that.

The American farmer is the most efficient in the world when we consider the production of food per person, but this does not increase the total amount of food, and it is this we need to feed the ever-increasing population.

Any method, therefore, that will increase this food production per acre will be of benefit to all of us whether a resident of the country or city.

We farmers of northwestern Ohio know that every farm growing beets is a better farm for other crops and shows a splendid increase in production per acre.

Is this not worth while?

The tariff on sugar at the present time is $1.60 a hundred pounds; the average amount of sugar used per inhabitant is not over 90 pounds a year, so this tariff costs us the large sum of $1.44 a year.

Is this not a very small amount to pay for such great benefits?

Would even $5 a year be too much to pay? France thought not and she taxes herself heavily for the avowed purpose of increasing her sugar production until she can produce all she uses.

Why not, when we only produce 25 per cent of what we use from beets? Our entire domestic production including insular possessions is only 50 per cent.

We agree with anyone who says, "It would be unwise to do anything that would lead to an increased price of food products and are merely suggesting a method we know will produce results."

There is one other aspect of this question we desire to call to your attention.

What relationships has the growing of beets to the great general economic future of this country?

Several years ago, during Roosevelt's administration, a great effort was made to call attention of the people to the necessity of conserving our natural resources, our birthright, our mines, our lumber, the fertility of our soils, the things we should hand down to our children; the raw material out of which the products of civilization are fashioned.

Of all these raw materials mentioned it was the consensus of opinion that the conservation of the fertility of the soil was the most important. If necessary, we could ship into the country the raw material found in our forests and mines, but the protection of the fertility of the soil was another thing, and fundamental as the real source of life and prosperity.

So important is this that our National and State Governments have for years appropriated large sums of money to further these interests, and it is only necessary to call attention to the splendid work of the agricultural experiment station of my own State as a sample of what is being done over this country to bring this fact to your mind.

For 30 years this institution has been trying to educate our people, city as well as rural, to the great necessity of preserving and conserving the mineral matter of the soil and at the same time teaching those who hold the land how to replace the mineral matter our fathers had removed and sold. These mineral matters are raw material just as much so as copper and iron, and their removal and sale in the shape of wheat and meat and cottonseed meal in time brings the same results as the sale of timber from the lands of Michigan and Mississippi.

After the raw material is gone we have nothing left.

Yet the other day I read an interview with a prominent banker in New York, who had just returned from Europe. He was bewailing the fact that conditions were such in Europe that we could not ship raw materials to Europe.

The history of agriculture in America from the time of the Virginia plantations until the present time has been one of soil depletion, the disposal of the raw material out of which crops are grown.

Jefferson and his contemporaries had great estates full of all the elements that go to make crops, but to-day the same land will not produce without replacing the raw material they extracted.

Many of these men became bankrupt because their soil failed, and their children or children's children had to migrate to other sections

of the country to make a living or else eke out a precarious existence on the worn-out soils their fathers had destroyed.

In New York State many of the valleys were the wonder of Europe for their fertility. To-day you can buy those formerly wonderful farms for less than the cost of the buildings upon them.

In my own State of Ohio 75, yes, 50 and even less than 40 years ago, no farmer thought it necessary to replace any portion of the mineral matters of the soil; to-day in many portions they can not produce a crop without the addition of some of these necessary elements.

Even in that wonderful fertile State of Iowa to obtain maximum crops we have found it is necessary to-day to replace some of the minerals sold off those lands. What will it be to-morrow?

I have stood on farms in North Dakota that to-day would not pay to farm, that as a boy and a young man I had read of as producing wonderful crops of wheat.

In the "Big Bend country" of the State of Washington, where they formerly grew 60 bushels of wheat to the acre, when I was there a few years ago they were moving away because they could not make a living.

In the South, anywhere in the piney woods, you can see, as I have done, among the second growth of pine and oak, the rows showing where profitable crops of cotton were raised, to-day abandoned because the mineral matter had been removed.

Everywhere you go it is the same story and the sadness of it all is that we, as farmers, and you as citizens of this country, never received but a mere pittance for this raw material. That is what Henry Wallace, familiarly and lovingly known throughout the entire Middle West as "Uncle Henry," the father of our present Secretary of Agriculture, meant when he said "The farmers of America have been for 300 years feeding the world at less than the cost of production."

That wizard of electricity—Edison—upon his return from Muscle Shoals a short time ago, made the remark that the main thing in regard to that magnificent project was to make cheaper fertilizer for the farmer, for he had to have it.

It is impossible at the present time for any farmer in this country to produce a bushel of wheat at a profit, or even come out even if he takes into account the price of the raw material in the wheat.

When the coal is gone from the mine, the prosperity of that section is ended. When the mineral matter is taken out of the soil not only is the prosperity of that section ended but life itself is endangered.

Would it not be wise, therefore, if the policy of our Government could be so shaped that instead of shipping our raw material we would ship out only those things that are inexhaustible?

Would it not be conserving the fertility of the soil?

Is it wise to ship our wheat, which contains from 30 to 60 cents worth of raw material, and buy with it sugar which is only sunshine and rain and takes not an ounce of fertilizing matter from the soil?

Would not raising our own sugar, keeping our fertility at home, be a wise procedure?

Why buy sunshine and rain at all; we do not need it; have we not plenty of it?

Would it not be better for us, and our children and our children's children, if we would ship butter (there is not 70 cents worth of raw material in a ton of butter) rather than cottonseed meal and meat and wheat, which contains so much of it?

Why spend so much money in our experiment stations and agricultural colleges teaching people how to replace the fertilizing elements their ancestors took from the soil instead of teaching them how to retain what they have? It took Joseph E. Wing, the apostle of alfalfa, 25 years to redeem his father's farm and put back in it the fertility his forefathers sold off it.

There are certain fundamental things we should not forget in the discussion of this problem.

Permanent prosperity comes from the sale of inexhaustible material, not from the sale of raw material.

We can not obtain prosperity by buying something, either as an individual or as a State. If we do buy something is it not better to buy something containing raw material that will be of future benefit to us rather than such things as butter and sugar which come from the air and water?

The sale in this country of Danish butter, Chinese eggs, Australian wool, Argentina beef and Cuban sugar never has, never can and never will bring prosperity to any part of this country.

This applies equally to the cities as well as the country; the East as well as the West; the South as well as the North.

New York and Chicago depend for their welfare upon the welfare of the great farming communities throughout this broad land and not upon the prosperity of foreign countries.

We have tried to call your attention to the benefits an increased tariff on sugar will bring to the farmers of northwestern Ohio, not as sugar growers, not even as citizens of Ohio, but as citizens of the United States in common with the citizens of the cities and towns; believing that Members of Congress should consider these questions as they affect the entire country and not special parts of it.

We are not asking special favors but only an opportunity to develop the farms intrusted to our care so they will be of greater benefit to the entire country and so we can leave them to our children and our children's children unimpaired, able to feed the generations that will come after us.

STATEMENT OF RAYMOND PITCAIRN, PHILADELPHIA, PA., REPRESENTING THE OWOSSO SUGAR CO., OWOSSO, MICH.

The beet-sugar industry in the Middle West in the past has been a moderately profitable industry. Under a reasonable tariff it can again become such. If an adequate tariff is not provided, the plants of this domestic-sugar industry can not continue to operate; and the farms will be deprived of one of their most profitable crops.

Many of the beet-sugar plants are practically in the hands of their bankers and creditors; and the others are weakened and impoverished by heavy burdens of indebtedness piled up during the last two years following the war.

In February next the Owosso Sugar Co. must decide whether to let contracts for beets and prepare for next year's run or close down. The other plants are in a similar position. If they are shut down, the factory organizations will be disbanded, the plants will suffer deterioration, the farms will lose their beet crops, and all the agencies involved directly and indirectly in the annual production and distribution of hundreds of millions of pounds of sugar will suffer irreparable loss.

A halfway measure of relief in the nature of an experiment which will leave to a future Congress the making of an adequate tariff will certainly be fatal to a large part of the

dustry. To shut down for a single year will so badly affect the organizations and ants that disaster would follow, even though a future Congress should recognize d endeavor to rectify such a mistake. For not only would it be difficult and costly revive the industry, but meanwhile many of the plants which are now in the most itical financial condition would fall under the sheriff's hammer, and faced with the ondition of the plants and the fate which had befallen them it would be difficult if ot impossible to refinance them.

The broad issue to be faced by our legislators is, Will tariff protection such as proided for other industries be accorded to home-grown sugar? With many of the instries which appear before you, the effect of a lower or higher tariff is problematical. n the case of beet sugar the effect of a reduction of the present emergency tariff is ertain. For the next two years we need more protection than that tariff provides. nything short of the present emergency tariff as a fixed and continuing measure will ave the business open to constantly recurring periods of jeopardy.

What we would impress upon you with all the earnestness at our command in this ppeal is that our hour is come, it is for you and your colleagues to say whether the eet-sugar industry shall continue or close down. It is for Congress also to decide hat effect the extermination of the domestic-sugar industry will have on the price of ugar in this country. The advantage taken by the Cubans of the sugar market during he war should give the answer to this question. It is a momentous decision. We ope for the protection which we must have, but it would be better for us to know the worst and close down at the end of our present campaign rather than to take the certain isks of the business under an inadequate tariff. This would prolong our span of life, ut result in further losses of money which, even if our best tariff hopes are realized, will be most difficult to obtain to meet the cost of planting, cultivating, and harvesting a new crop of beets and to purchase the coal, limestone, and supplies and to meet the factory pay rolls and overhead, which are essential to another year's business.

The industry has had a history of struggle and slow growth. But we believe that its record from the beginning up to the outbreak of the war has justified the labor and means bestowed upon it and the protection which it has received. Certainly the beet-sugar industry was justified by the service rendered to the public during the war. The sugar plants in the State of Michigan alone supplied over 250,000,000 pounds of sugar per annum which, through the agency of the Government, whose rulings we accepted, were sold by the producers at prices not exceeding 12 cents per pound, as fixed by the Food Administration during a period when sugar was sold by the cane refiners, by sugar brokers, and Cubans at 25 cents and 30 cents per pound.

We were at war, the beet sugar producers accepted with resignation the prices fixed by the Government, despite the best legal advice that the practice employed was unconstitutional. But the vital fact is that Government price fixing which discriminated too heavily against the domestic industry, was instrumental, under the present sugar crisis, in bringing the beet sugar industry to the verge of ruin. Had the price fixed by the Government been sufficient to allow a reasonable profit, reserves could have been provided which would have enabled us to meet the world crisis in sugar which now faces us.

The value to the country of this domestic sugar during the war was recognized by all who had a knowledge of the situation; this was recognized quite generally. On the other hand the war prices charged for Cuban sugar gave ample proof of what market conditions at home would be without the domestic supply an domestic competition.

The desperate situation of the beet sugar industry in the face of the world-wide sugar crisis, for the reason stated, is due in no inconsiderable extent, to Government control. But there are definite market conditions which have been instrumental to bringing about the crisis which the beet sugar industry must meet in the weakened condition brought about by price regulation. The present low market in sugar which threatens bankruptcy to many producers of cane sugar, as well as to the domestic beet sugar industry, has resulted from a great over-production of sugar in Cuba which followed a period of enormous speculation growing out of the excessive profits derived from the high war prices charged by the Cuban producers and cane refiners. Speculative purchases by Americans of Cuban sugar properties at inflated prices, and the flotation of companies which promised large profits, which paid their promoters handsomely was coupled with an increase in the Cuban production from 2,300,000 to 4,000,000 tons. Prominent New York banking interests loaned freely on these securities of mushroom growth. Now that the inevitable has happened, the banks and other holders of these securities are not unwilling that the beet sugar industry at home should be ruined if, in the process, they may recoup themselves. As heretofore, the large eastern refiners are making active efforts to discredit and ruin the domestic sugar producers, and it is they who are responsible for the opposition to the proposed tariff.

While the Cuban production was nearly doubled, the beet sugar production has been very little increased. Will Congress fail to recognize the equity of the country's home industry and grant a permanent tariff yielding 2 cents per pound on foreign sugar, which is the existing emergency tariff, as a permanent protection to the producers and farmers in order that the industry may make a fair living, and the public have the advantage of home competition?

It would be difficult to select any article more justly entitled to the benefits of a protective tariff than beet sugar. Even if the history of the industry should be ignored, last year the Owosso Sugar Co. alone paid to the farmers in Michigan over $2,000,000 for its beets. There is perhaps no tariff on the list of manufactured articles which proves so direct a benefit to the farmers as that on beet sugar. Over 60 per cent of the cost of our sugar is paid direct to the producing farmers. In addition to this the industry employs thousands of men, provides work for thousands more in the production of great tonnages of coal and limestone, pays large sums for freight to the railroads, supplies to the farmers in the form of dried beet pulp a considerable part of their cattle food requirements, and produces large quantities of molasses, the base for the production of denatured alcohol. And, to a lesser extent, winter food for grazing stock is provided by the beet tops, and by-products furnish valuable fertilizers. The present duty on sugar still gives to the Cuban producers a preferential rate of duty into the United States, which assures them a market here for such large amounts of additional sugar as we require, at prices materially higher than they can get in the open markets of the world. The duty to these other foreign markets should, we believe, be fixed at 2 cents.

The Republican Party has repeatedly promised fair protection to American industries, and there are facts and statistics on record in Washington filling many volumes showing that the beet sugar industry must have the amount of protection asked for if it is to continue to exist.

The beet sugar industry in Michigan and the Middle West was established through the efforts of the United States Government. Its development followed the call of James A. Wilson, former Secretary of Agriculture, whose zeal for this project of the department led to personal appeals made by the Secretary to investing citizens and farmers of the country. In response to this earnest solicitation on behalf of the Government, and because of promised aid in the form of a tariff, money was subscribed, the plants were built, and extensive sugar beet farming in the Middle West cultivated. The part played by the Government in furthering sugar beet culture, and its recognition of the public advantage involved, is a matter of record in the files of the Department of Agriculture. Will the Government desert the industry which it has been instrumental in building up? If so, the end is at hand.

STATEMENT OF GEORGE W. McCORMICK, GENERAL MANAGER, MENOMINEE RIVER SUGAR CO., MENOMINEE, MICH.

The CHAIRMAN. Will you state your name to the committee?

Mr. McCORMICK. My name is George W. McCormick.

The CHAIRMAN. Mr. McCormick, will you state your business?

Mr. McCORMICK. Manufacturer of beet sugar, Menominee, Mich.

The CHAIRMAN. Your concern is located there, is it?

Mr. McCORMICK. Yes, sir.

The CHAIRMAN. Are you in operation now?

Mr. McCORMICK. We are.

The CHAIRMAN. On full capacity?

Mr. McCORMICK. When we are operating the factory we run full capacity.

The CHAIRMAN. Now?

Mr. McCORMICK. We have just finished the cutting of beets for the season.

The CHAIRMAN. All right. You may proceed, Mr. McCormick.

Mr. McCORMICK. Mr. Chairman and gentlemen of the committee, I don't want to give you any long history. I want to cover the subject, the pith of it, in as few words as I can.

In the first place, I want to state the condition of the beet-sugar industry to-day. There are about 43 companies operating. Th

ondition of 60 per cent of those companies is that if they were alled upon to settle to-morrow or to-day they could not do it.

The CHAIRMAN. Is that not true of almost every concern in the United States?

Mr. McCORMICK. It is probably true of some of them, Mr. Chairman.

Senator SMOOT. If there was a settlement they would not have nything left.

Mr. McCORMICK. I mean by that statement that it would not nly wipe out all of their quick assets, but if there was a mortgage on heir plants, if their plants were sold out, it would not cover the ndebtedness.

That condition of the beet-sugar industry is not exactly the result f what is commonly spoken of as the decline during the reconstruction after the war. The beet-sugar industry of the United States nds itself to-day in the most critical condition in its history. It tands on the verge of disaster. There is not a beet-sugar factory in ny one of the 17 States in which this industry is established that id not take a staggering loss on the crop of sugar produced in 920. They had contracted with the farmers for their beets at he highest prices ever paid, induced by the prevailing high price of ugar at the time these contracts were made with the farmers. Throughout the year 1920 every supply for the operation of their lants cost them peak prices, and the labor employed was paid correspondingly high wages, the highest ever paid in the history of the ountry.

The CHAIRMAN. What do you mean by "the highest ever paid in he history of the country"?

Mr. McCORMICK. The wages paid in the year 1920, Mr. Chairman.

The CHAIRMAN. Do you mean to say they paid higher wages than ny other form of industry?

Mr. McCORMICK. No. I mean that the scale of wages paid that ear in the sugar-beet industry was higher than the scale of wages ver paid before. I am speaking of the sugar industry as a whole n that respect.

The CHAIRMAN. Higher than previous years in that particular ndustry?

Mr. McCORMICK. Yes; higher than previous years in that particular industry, due to the fact that there were higher wages prevailing n all industries than had prevailed heretofore.

Now, by the time the sugar from that crop was made we found urselves in a peculiar position. The prices had slumped to a mere raction of what they had been, and the market was demoralized nd glutted with foreign sugars from every part of the world. We ad predicated the cost of our beets, the price of our beets to the armers, on prevailing prices of sugar at the time the contracts were made. When the sugar was made from that crop we found ourselves in that situation, as I say, that the price had slumped to a mere fraction of what it had been, and the market was demoralized nd glutted with foreign sugars from every part of the world. I want o emphasize that point, that the market was demoralized and glutted with foreign sugars from every part of the world. The result was that beet sugar had to be sold at from $2 to $4 per hundred pounds below the actual cost of production. In fact, within 12

months from the time the 1920 crop came onto the market ther had been wiped out and lost to the industry, as nearly as we ca compute it from the facts at hand, $60,000,000, or one-third of th entire investment in the beet-sugar industry in the United States.

Referring particularly to the individual companies, I want to sa that before the year 1920 the beet-sugar factories of the Unite States were universally in sound financial condition and had suffi cient working capital, but in the operation of the business that yea in a number of cases their surplus and working capital was wiped out in some cases their capital was impaired, and a few were so disable by their loss that they were compelled to close their factories an cease to operate in the year 1921.

Then we come to the crop of 1921, the one just being made. Whil the companies were in the condition before stated, they had hope that a better result would be obtained this year and that they migh possibly recoup their losses, but instead costs of production were no reduced as much as we had hoped, and the price of sugar droppe still lower until to-day over 50 per cent of the beet-sugar compani of this country are in very serious financial straits. In order to me the beet pay roll—that is, in order to pay the farmers for the beet they raised, and God knows the farmers need what money they ca get this year—these sugar companies were obliged to exhaust ever means at their command to borrow sufficient funds to pay for the beets and for the operating expenses of their factories. They ex hausted their credit at the banks, they borrowed money on the sugar against warehouse receipts, they have mortgaged their plant and in some instances were finally obliged to apply to the W Finance Corporation for a loan in order to meet their farmers' pa rolls. The fact of the matter is, gentlemen, there are certain bee sugar companies that have not yet been able to raise sufficient fun to pay the farmers for their beets for the pay rolls that were due o the 15th of November.

Senator Calder. Will the witness permit a question? Has he r quested to be permitted to proceed without interruption?

The Chairman. I have not heard any such request.

Senator Calder. You are harvesting and marketing your cr under the emergency tariff law now in effect, are you not? Do y understand my question?

Mr. McCormick. Yes, sir; I do. I do not know who you are.

Senator Calder. I am Senator Calder, of New York.

Mr. McCormick. I beg your pardon, Senator. I am glad to kno you. I will be very glad to answer your question.

Senator Calder. You are marketing your crop this year under t emergency tariff law?

Mr. McCormick. Yes, sir.

Senator Calder. That gives you the same rate as the Fordn measure now pending before this committee?

Mr. McCormick. It is the same.

Senator Calder. And you have difficulty living under that law?

Mr. McCormick. Yes, sir.

Senator Calder. Then how do you expect to continue without greater tariff than that bill provides?

Mr. McCormick. That is what we are going to ask you for.

Senator CALDER. You are going to ask for even more than that?

Mr. McCORMICK. Most assuredly; yes, sir.

Senator CALDER. Your statement indicated that you would want great deal more than that.

Mr. McCORMICK. We certainly are entitled to more than that.

Senator CALDER. I would like you to develop that as you go along.

Mr. McCORMICK. That is what I am trying to do.

Senator CALDER. I would like you to develop how you hope to exist under the tariff the House gives you if the conditions are as bad as you have indicated in your statement.

Mr. McCORMICK. I will be glad to develop that.

The CHAIRMAN. Do you want a complete embargo on the importation of sugar?

Mr. McCORMICK. We are not asking that, Mr. Chairman.

For your information particularly, Senator, I want to call your attention to the matter of costs this year. We have a quoted price of $4.80 per hundred pounds for granulated beet sugar to-day. This is the condition we are facing. Cuba is holding about a million and a quarter tons of sugar over from last year's crop and, it is commonly reported, is threatening to have that sugar thrown on the market at 1 cent a pound. The quoted price to-day on that raw sugar, freight paid, delivered at New York, and sold in the months of January and March, is 2 cents a pound. If that sugar comes on the market at that price it will mean a dollar decline in the price of refined sugar from the present quotation, which would mean that beet sugar would be sold at $3.80. That is the condition we are facing, Senator, and for which we are hoping some remedy.

Senator SMOOT. The Government has advanced 4 cents a pound on it to pay the farmers for their beets. There is not a sugar factory in the United States that could have paid the farmers without that advance.

Senator CALDER. Who has advanced that?

Senator SMOOT. The War Finance Corporation.

Mr. McCORMICK. The price has already declined to $4.80, and there is not over 25 per cent of the beet-sugar production of last year's crop marketed up to this time. Therefore, we are left with three-fourths of our crop on hand, threatened with a $3.80 price, which is below the price that our own Government, the War Finance Corporation at least, has deemed a safe price to advance money on.

Now, about the matter of costs of this particular crop, which we took care to ascertain from a number of the companies—in fact, 16 of them. The average cost of producing beet sugar from this crop, as estimated by 16 of the largest and most efficient factories, is $5.09 per hundred pounds, while in the territory east of the Missouri River, where most unfavorable weather conditions prevailed this year, the average cost is over $6 per hundred pounds.

We are not going to ask you gentlemen to give us a tariff to cover weather conditions. That unfavorable weather condition prevailed in the eastern territory, and is not an average condition. We are willing to stand on the average.

Now, if the 16 most efficient factories have a cost of $5.09 per hundred pounds for this year's crop, and the price to-day is $4.80, and we have three-fourths of our crop on hand, it is not going to take

a very capable statistician to figure out the answer from the stand-point of profit and loss on this crop.

Now, if the beet-sugar companies are to operate in the year 192 they must be ready to go before the farmers with their contracts fo beets for next year in the month of January. They must solicit th acreage from the farmers. At that time they must fix the price whic they are to pay the farmers for next year's crop. I want to ask you under present conditions and with the prospect as it stands, how ca these beet-sugar companies proceed and make the price to the farmer or finance another year's operations? A few of the larger an stronger companies may be able to do it, but it is no exaggeration t say that 50 per cent of the companies can not and will not proceed but will remain idle.

I do not want to give this committee the impression that we do no expect to make sugar for less money than $5.09 per 100 pounds i the coming year. We do expect to. We are coming down a littl off of the hill in the cost of production. While we do not expec labor in this country to get down to the prewar level, we do kno that it has been very considerably reduced. We know that th railroad freight rates of to-day in our area are from 70 per cent to 8 per cent higher than they were in prewar times. As the raw materi is bulky, our freight charges are very heavy. We do anticipate lower freight rate for next year.

We have one factor that we do not hope to reduce in our cost shee and that is our taxes. There is not a municipality, county, State, o even the Federal Government tax that is not to-day double and i some cases treble what they were before. That is one item that w can not reduce, and that was due to the fact that the United State was in a war which our competitor, Cuba, was not in, and we have tremendous war debt—State, county, and National—that has to b paid. Every industry in the United States has to pay its share of th debt, and the beet-sugar industry if it continues has got to pay i part of it. That is an irreducible item in our expense sheet.

Another item that we can not reduce is this: The interest on bond that we have already been forced to issue. With the wiping out our working capital and surplus, every beet-sugar company has ha to borrow more heavily than it did before. The interest charge going to be an increasing item on our expense sheet. However, w do expect to produce sugar at a lower cost the coming year than w have this past year, if we operate.

Senator, this condition of the domestic beet-sugar industry ha been brought about by the importation of sugar from foreign coun tries, a matter over which we have no control. We must, therefor ask relief from the only source possible, and that is the Congress the United States. The relief, if it is to be given, must be given soo or a large number of the factories can not operate another year.

Now, we listened yesterday to the plea before this committee o foreign nation for relief for her sugar industry. The relief asked is a reduction in our present tariff on sugar, which if granted pra tically spells annihilation of the beet-sugar industry of the Unit States. Therefore, with these two interests coming before you, resolves itself into a question of whether your action, after you ha given consideration to the subject, is going to be to grant the relief a foreign industry or whether you are going to grant relief to

omestic industry that will permit it to live—one or the other. There no reason in our judgment why both industries should not live. Whose plea will Congress heed, that of Cuba, a foreign nation, or that f the domestic beet-sugar industry? Right here I can make no atement that is more pertinent to the question than to quote the ords of President Harding, in his annual message to Congress on ecember 7 last, when he says:

Sensible of every obligation of humanity, commerce and finance, linked as they e in the present world condition, it is not to be argued that we need destroy ourselves be helpful to others.

A few sentences further he makes this statement:

It is not an unworthy selfishness to seek to save ourselves where the processes of at salvation are not only not denied to others but commended to them. We seek undermine for others no industry by which they subsist; we are obligated to perit the undermining of none of our own which make for employment and maintained tivities.

If that is the policy to be pursued by the American Congress the eet-sugar industry needs no advocate of its cause in Washington, xcept to state the conditions as they are.

Through a well-organized propaganda there has been created a onsiderable sentiment in this country that something should be one to help Cuba in her present plight. Those interested in this ropaganda are advancing the claim that Cuba responded so nobly uring the war in increasing her production of sugar and selling it t a reasonable price agreed upon between herself and the allied overnments.

Another reason which they advance is that there are many millions f dollars of American capital invested in the sugar industry of Cuba. But in the arguments sent out to Members of Congress, to the press, o manufacturers, to merchants, and to the libraries of this country hey do not rest their case on what they did, but they make an inidious attack on the beet-sugar industry of this country, with the ope that they may create sufficient sentiment to lead Congress to nact legislation which will, within a few years, utterly destroy his great domestic agricultural industry. They go on to show the eplorable condition which Cuba is in to-day, and while they do not rint it they make thinly veiled threats that unless they get what hey are asking for a revolution will result in Cuba, the United States vill be obliged to intervene, annexation will be the inevitable result, nd America will have another little brown brother on her hands.

Let us look the facts in the face. Let us briefly review the records nd the justice of the claims before the American people of the Cuban terests on the one hand and the domestic sugar industry on the ther.

Let us first take the record of the domestic sugar industry. In 897 our Government, after a careful investigation of the beet-sugar ndustry in foreign countries and its beneficial effect on agriculture, etermined to have that industry established in the United States. campaign of education among the farmers and business men of he country was made. There was included in the Dingley tariff duty of $1.68½ a hundred on foreign sugar entering this country. Through the efforts of Secretary Wilson in his educational campaign

among farmers and business men beet-sugar factories were built an farmers began to grow sugar beets.

The domestic beet-sugar industry, which at that time was practi cally nothing, has grown until to-day American capital has investe in round numbers $190,000,000 in beet-sugar factories and equipment last year 880,000 acres of American farms were planted to sugar beet 100,000 American farmers were engaged in sugar-beet culture, ap proximately 85,000 laborers were engaged in the beet fields, and 35,00 laborers were engaged in the operation of the factories. There wa produced from these American farms and manufactured in thes American factories approximately 1,000,000 tons of standar granulated beet sugar, or 25 per cent of the total sugar consumptio of the United States. The number of factories has increased fro 6 in 1897 to 106 in 1921, and these factories are not located in th large cities and congested centers of population but are located i the agricultural areas of 17 States of the Union, and they are attrac ing laborers and others farmward, one of the very things our Presi dent in his message is asking that some action be taken towar accomplishing.

The number of factories has increased, as I stated, to 106, an during that period since 1897 the American people have been provide with a supply of sugar at reasonable prices, with the exception of th year 1920.

These facts alone argue the wisdom of the steps taken by ou Government to establish this industry. Let us follow this a little.

The World War came in 1914, and immediately over one-third the world's production of sugar was hemmed in from export by th allied armies. The great sugar-importing nations of Europe turne to the Western Hemisphere, the nearest point of supply, to secu their sugar, creating an unprecedented demand and higher prices f this commodity.

When the United States entered the war in 1917 Mr. Hoov was appointed Food Administrator, and one of his first acts was mobilize the food resources of the United States. Several confe ences were held in Washington between Mr. Hoover and the repr sentatives of different food-producing industries, but the beet-sug manufacturers were the first to voluntarily place in his hands t entire product of their factories at an agreed price of 7.25 cents p pound, when the New York wholesale price of imported cane gran lated sugar was 9 cents per pound. The control of the price and di tribution of this large amount of domestic sugar served him well as leverage by which he was able to induce Cuba to accept a reasonab price for that quantity of their sugar imported into this country.

The food administration fixed the price of beet sugar througho the war, and for a year and a half after the close of the war pri restrictions were placed upon the domestic beet-sugar product by t Attorney General, acting as food administrator. By reason of t action of the domestic beet-sugar industry the people of Ameri during the war obtained their supply of sugar at a lower price th any other country in the world, and at no time did the beet-sug industry obtain more than a modest profit on its commodity.

This is the record of an American industry, within the confines our own country, at all times subject to the laws and regulations a needs of our people.

Let us look at Cuba's record, putting forth the claim she has, and see what she has done and what we have done for her.

In 1898 she was producing 350,000 tons of sugar. Her people were starving, ragged, fighting for liberty against an oppressor. America sent her Army and Navy, drove out the oppressor, and set her free. We established her Government, established her schools, cleaned up her cities, organized her militia, furnished capital to a considerable degree to start her industries, and we stood by and steadied her on her feet until she was able to take care of herself.

In 1903 we entered into a commercial treaty with Cuba whereby we agreed to give her a discount of 20 per cent off our regular tariff duties on all her exports to the United States. We have 110,000,000 people to furnish a market for her, and she has less than 3,000,000 to supply a market for us—a pretty good bargain.

Senator CALDER. Will you tell the committee what amount was imported from our country into Cuba? Have you that figure?

Mr. McCORMICK. Yes. May I take that when I come to it?

Senator CALDER. Yes.

Senator McCUMBER. That was given yesterday and is in the record.

Senator SMOOT. Yes; the highest in her history.

Senator McCUMBER. It was gone into in detail.

Senator SMOOT. It is all in the record.

Senator CALDER. You will come to it later?

Mr. McCORMICK. Yes; I will come to it later.

By this action we gave her practically a monopoly of the American market against all other foreign sugars, and by this preferential treatment she has prospered as few other nations have, and the phenomenal growth of her sugar industry is a matter of history.

Throughout the war Cuba sent none of her sons to foreign shores to fight, and with no war industries to absorb her labor the planting of additional thousands of acres in cane and the building of new sugar factories assumed a mad race, and many American capitalists, lured by the vast war-time profits, rushed in and invested tens of millions of dollars in her sugar factories new and old. It is claimed that Cuba is entitled to special recognition because of the fact that she increased her sugar production in order to supply the Allies with this necessary commodity, but it can not be doubted that the spirit of pecuniary profit entered into the equation at the same time.

Cuba boasts loudly that on July 31, 1919, she so generously offered the then forthcoming crop of sugar to the United States Sugar Equalization Board at 6½ cents a pound. That came out yesterday. Let me call your attention to the fact that the prevailing price of raw sugar on the very day that she made that magnanimous offer was 5½ cents per pound f. o. b. Cuba, which is a mere matter of $1 a hundred pounds, and she produced that year 3,730,000 tons of sugar. Multiply that at your leisure and see what it amounts to. It was a very modest demand.

But as a strong argument she claims she came up here and offered that. Our Government somehow did not see fit to accept that offer, and in September, when all restrictions were removed on sugar so far as Cuba was concerned, the offer was withdrawn. From that day on we see the price of sugar going up.

In September, 1919, all war control and restrictions were removed from Cuban sugar. The trade routes and markets of the world

were opened for her to sell her crop to the highest bidder, and the Cubans were quick to take advantage of the opportunity. At that time the f. o. b. New York price of Cuban raw sugar was 5.88 cents per pound. But from that time on the prices began to rise rapidly, until by the middle of December they were selling their raw sugar at 12½ cents per pound f. o. b. New York. In April following, when the supply of domestic beet sugar was practically exhausted and they saw no other competition, the price of Cuban raws rose by leaps and bounds, and in May, 1920, they put their price up to the unprecedented figure of 22½ cents per pound f. o. b. New York. Keep in mind, gentlemen, this was the same sugar which they had so magnanimously offered to the United States Sugar Equalization Board in July, 1919, at 6½ cents per pound. The wholesale price of this sugar in refined form f. o. b. New York reached 26½ cents per pound, and the American housewife was forced to pay from 30 to 35 cents per pound, and was unable to secure even at this price an adequate supply.

Senator CALDER. Did the beet-sugar price follow the Cuban price up at that same time?

Mr. McCORMICK. I am glad you asked that question. It is a pleasure to answer you.

The beet-sugar price was restricted by the Attorney General of the United States in the early part of November, 1919, and that restriction stayed on until that crop was sold—that is, the beet-sugar crop—but there was no restriction put upon the price of imported sugar into the United States. As an illustration, Senator, in November of 1919 I was selling sugar at 11½ cents a pound, standard granulated beet sugar, when Brazilian raw sugar darker than your hat, as the saying goes, was offered for sale in New York at from 14 to 16 cents a pound. Does that answer your question?

Senator CALDER. Do I understand your price was restricted by arrangement with the Equalization Board at that time?

Mr. McCORMICK. No. Let me make this clear. The Attorney General of the United States was appointed food administrator, and under him the price of domestic sugar was restricted first to 10¼ cents, later I think it was 11, and finally the highest price at which he permitted the beet-sugar industry to sell its sugar was 12 cents. That is a matter of record.

Senator CALDER. At the same time, do I understand Louisiana sugar was being sold at from 17 to 18 cents?

Mr. McCORMICK. Yes, sir; that is true.

Senator CALDER. And you were required to sell your sugar for 12 cents while they were getting 17?

Mr. McCORMICK. That is true.

Senator CALDER. The same sugar?

Mr. McCORMICK. No; one is cane sugar and the other is beet sugar.

Senator CALDER. As far as the public was concerned was it the same?

Mr. McCORMICK. As far as the public was concerned I would say that one was absolutely the same as the other.

Senator CALDER. The beet-sugar men were very magnanimous?

Mr. McCORMICK. We were not magnanimous. We were compelled by the Attorney General of the United States in that particular in

tance, through that restriction, to the 10½-cent price which he first fixed.

Senator McCUMBER. The Attorney General had power to fix the price?

Mr. McCORMICK. Yes.

Senator McCUMBER. Has he not equal power to fix the price on the imported sugar?

Mr. McCORMICK. One was a matter of local regulation within the confines of the United States and the other seemed to be a matter pertaining to importation, which, I believe, is usually governed by the tariff.

Senator McCUMBER. It is with respect to importations, but you were not governed by a tariff. You were governed by a rule concerning the sale within the United States. If the Attorney General had authority to fix the price of sale of domestic sugar in the United States, did he not have the same authority to fix the price for any imported sugar which should be sold in the United States?

Senator SMOOT. Mr. McCormick, may I suggest that the Attorney General was acting under an act of Congress to prevent profiteering. The practice was for the beet-sugar manufacturer to sell his sugar, and that was restricted, as you have said, first to 10½ cents, then 11 cents, and then to the highest price of 12 cents, acting under that law; but when Cuba sold her sugar to American refiners at 22 cents a pound there was no profiteering in it, and the law did not affect them at all. I know of cases where beet sugar was bought at 10½ cents and sold nearly twenty times without even handling the sugar or removing it from the car, and it was not profiteering in each of the transactions because it was within a reasonable amount of profit. Of course, finally, the price reached almost what the Cuban sugar price reached.

Senator McCUMBER. In other words, the construction the Senator would give of that law was that it provided or permitted the Attorney General to prevent profiteering by people in the United States, but it did not prevent profiteering of citizens of the United States who had their holdings in a foreign country and brought their product into this country. I could hardly give it that construction.

Senator SMOOT. It was declared unconstitutional by the Supreme Court of the United States.

Senator CALDER. Senator Smoot's statement seems to indicate that the beet-sugar product sold at a higher price than the Cuban.

Senator SMOOT. The candy manufacturers of the United States made all kinds of offers to get it. They thought there was a shortage of sugar, as so many people testified there was a shortage of sugar in the world. I know candy manufacturers who offered our people out West prices of 8 and 9 and 10 cents higher than the Attorney General would allow it to be sold, but they could not sell it. They abided by the law.

Senator McLEAN. Did I understand Mr. McCormick to say Louisiana sugar sold at 17 cents, and at the same time beet sugar was selling at 12 cents that was produced in the United States?

Senator SMOOT. I will tell you why that was. I know what was stated on the floor of the Senate. When the Attorney General authorized the sale of the sugar made from cane in the South an

investigation showed they were not profiteering when they wer selling their sugar at 17 and 18 cents. The Senator from Louisian is here and can explain it in detail.

Senator CALDER. I do not understand why the beet-sugar peopl permitted that to continue, when they were kept down to 11½ and 1 cents and the cane-sugar people were selling at 17 and 18 practicall the same product.

Senator SMOOT. Senator Calder, if you remember, I do not thin there was a week passed during that time but what that very questio was called to the attention of the Senate and of the country, but i was not profiteering under the law if you made no more than a certai percentage upon a transaction.

Senator MCLEAN. Under the law as interpreted by a Democrati Attorney General.

Senator SMOOT. It happened to be a Democratic Attorney Genera at the time.

Senator MCLEAN. You say the Supreme Court declared it uncon stitutional?

Senator SMOOT. Yes; it was declared unconstitutional by the Su preme Court of the United States.

Senator CALDER. What I am trying to ascertain is this: Men i business make as large a profit as they can, in every line of busines A man gets all he can for the thing he produces. Is it a fact that th people interested in your product were making and selling the product for 12 cents a pound? It seems to me that would leave the with a considerable profit from the sale of sugar. Is it fair to assum that every other man interested in importing sugar was violatin every decent rule in asking enormous prices?

Mr. MCCORMICK. Senator, it seems to me the question has alread been answered. However, we were within the United States, an even if we had the greedy appetite to do it we could not have violate the rules and restrictions of the Department of Justice. The Cuba sugar which came in here was not under those rules and restriction but was sold to American refineries at the top high price. We coul not have helped ourselves if we had wanted to. We did present o case, and they did advance the price from 10½ to 11 and then 12.

Senator SMOOT. Senator Calder, I want to call your attention the fact that there was an agreement between the beet growers an the Food Administration as to what the manufacturers should pa for the beets.

Senator CALDER. It seems from the statements that have be made that there were different prices for beet sugar, Louisiana suga and Cuban sugar. I do not understand how that could be, becau we paid the same price for all three.

Mr. MCCORMICK. Pardon me, Senator, you come from New Yor

Senator CALDER. Yes.

Mr. MCCORMICK. The only beet sugar that went to New York w what Mr. Hoover asked us under great stress, under a condition famine, to send down to help out you poor fellows in New York an give you a little sugar for your coffee, when the great Cuban trade di not give you enough.

Senator CALDER. But we had to pay the same price for it when w got it.

Senator SMOOT. No.

Senator CALDER. The housewives tell me so. They protested against it as robbing the people who had to use it every day.

Mr. McCORMICK. Pardon me. Your memory and the facts do not seem to agree. The price was made by the Food Administration.

Senator McCUMBER. While we were paying 30 and 35 cents a pound for imported sugar at retail, do you mean to tell me the home product was sold for a much less price at retail?

Mr. McCORMICK. That is not exactly the case, Senator.

Senator McCUMBER. That is the point I am getting at. While the Food Administration cut down the price of the producer, it did not help the consumer any, because the consumer was still paying the price fixed by the high price of the imported sugar. Is that right?

Mr. McCORMICK. Let me just explain. I am talking now about the period of these high prices in the year 1920.

Senator McCUMBER. Yes.

Mr. McCORMICK. Up until April of 1920 beet sugar was on the market in the Middle West, not in the Atlantic Seaboard States, and our beet sugar was sold at not to exceed 12 cents a pound to the wholesale grocers. As soon as that beet sugar was practically exhausted, which was along in April, the record shows that the Cuban raws shot up from about 12½ cents—I haven't the exact figures before me—to 22½ cents, after competition was removed. We could not sell beet sugar for any more than 12 cents a pound.

Senator McCUMBER. When you were selling beet sugar at 12 cents a pound—that means, of course, the granulated sugar?

Mr. McCORMICK. Yes, sir.

Senator McCUMBER. What was raw sugar bringing—imported sugar?

Mr. McCORMICK. In December, 1919, raw sugar was quoted, delivered in New York, at 12½ cents. The fact is that Brazilian sugar was sold in New York at 14 to 16 cents; but we were not allowed to sell our standard granulated sugar for domestic use at over 12.

Senator McCUMBER. After that imported sugar was refined and put on the market, what did it sell for?

Mr. McCORMICK. That 12½-cent sugar?

Senator McCUMBER. Yes.

Mr. McCORMICK. I can easily give you those figures in a short time.

Senator McCUMBER. Do you not know about what it was sold for? I am not particular within a cent or a half cent.

Mr. McCORMICK. Do you recall, Mr. Hathaway?

Mr. F. R. HATHAWAY. The Equalization Board drew a line of demarcation across the country. West of that line cane sugar was not permitted; east of it the market was supplied by cane sugar. That sugar went up to the price Mr. McCormick has suggested. The regulations of the Government provided the charge which the wholesaler and retailer might make.

Senator McCUMBER. Then he fixed a different price for beet sugar in the beet-sugar section and cane sugar in the eastern section.

Mr. HATHAWAY. Yes. During the time Mr. McCormick has stated the retailer was selling beet sugar throughout that district at about 14 or 15 cents a pound. At that time the Equalization Board called on the beet-sugar people to supply a certain amount of sugar for the territory east of Buffalo and Pittsburgh. You had run out of sugar down there. You were using foreign sugar. That raw-sugar price

could not be regulated under the United States statute. After it was brought in here the price the refiner might charge, the additional price which the refiner, wholesaler, and retailer might charge, could be regulated, but the price of the raw sugar could not be regulated. While the people in our good section of the country bought beet sugar at a retail price of 15 cents, you were paying 25 and 30 cents, because you were dealing with the foreigners.

You ran out of sugar. The Equalization Board called on us to supply you with sugar. I shipped most of that sugar myself. I furnished that sugar at 10½ cents. The Equalization Board took that sugar and made 1 cent a pound profit. They permitted me, when I sold it at 10½ cents, to make one-half cent a pound profit. They sold it at 1 cent a pound profit. It went to the wholesale grocer in your section of the country at 11½ cents. The wholesaler was charged with the distribution of that particular amount of sugar, and that sugar went at a correspondingly low price to the ultimate consumer; but the amount that could be spared to liquidate your condition in the east was very small.

I wish to assure you, sir, that after the beet sugar went off the market—and all of our sugar went into consumption by April—by that time the imported raw foreign sugar supplied the entire country, and the price of the imported sugar was about 23 cents. Then your price of refined sugar throughout the entire country was based on that 23 cents, or 23½ cents for the raw sugar.

Speaking of my own company, the largest manufacturer of sugar east of the Mississippi River, we sold no sugar at any time during Government control above the exact price they fixed. Our average price for the entire crop, during the period when the Cubans were getting 23½ cents and when American refiners were paying that price for the raw sugar, our average price was $11.89 a hundred.

Senator McCUMBER. That covers my question quite thoroughly.

Senator CALDER. It is a fact that in the part of the country where I reside we did not get your sugar any cheaper than the Cuban sugar.

Mr. HATHAWAY. The sugar that was shipped into this section of the country went principally to Pittsburgh, the line of demarcation was a boundary line between Ohio and Pennsylvania, drawn by the Equalization Board. The sugar that was shipped by us went to two markets. One of them was Pittsburgh. In other words, the Equalization Board was relieving that portion of the territory nearest the boundary line with beet sugar. The second shipment went to Baltimore. That was reaching down to the South. The third shipment went into New England. We did not ship any direct to New York City.

Senator CALDER. I was quite sure we did not get any of it.

Mr. HATHAWAY. We did ship two or three carloads to Philadelphia.

Mr. FRANK C. LOWRY. I was a member of the Equalization Board. May I make a short statement?

Senator McCUMBER. If you desire.

Mr. LOWRY. The Equalization Board was going out of business on the 1st of January, and that crop of Cuban sugar did not come in until after that time. There was a shortage of sugar in the East, the Cuban crop having been used up. We called upon the beet-sugar people to try to let us have 100,000 tons that we could ship east of Pittsburgh and Buffalo. Up to that time the line had been drawn at

Pittsburgh and Buffalo. We wanted 100,000 tons to come east of there.

I think one point has been confused in your minds. Until January 1 the Equalization Board was handling all of the cane sugar used in the East and was selling it not at 22 cents but at 9 cents, the price fixed by the Government. This beet sugar brought into the eastern territory was brought in and sold at 10½ cents, higher than the price at which cane sugar was then selling, because the cane-sugar price of 9 cents was based on the cost of production and the price arranged for the Government for the whole crop.

The price of the beets was arrived at for the new crop, and it was a high cost, and I will tell you why it was high. After the 1st of January, when the Equalization Board did not control any longer, was when we had that debauch, and it was a debauch.

Senator SMOOT. They had control after the 1st of January. As far as our sugar was concerned they controlled it.

Mr. LOWRY. The fact was they tried to turn the Attorney General into a sugar man over night, and they could not do it. In the early part it was controlled, but not complete.

Senator SMOOT. It was complete as far as we were concerned. About the 1st of January the beet-sugar producers in the West had shipped out all of their sugar with the exception of enough to take care of their local trade. They had to keep that for the local trade.

Mr. LOWRY. Exactly.

Senator SMOOT. And that is what they did do, no matter what they got for it and no matter what conditions may thereafter exist; and the food control took the same position, that they were in duty bound to keep sugar, and did keep it, there in order to supply the local trade.

Mr. LOWRY. Exactly. It was after that that the price of Cuban sugar went up, and the Porto Rican and Hawaiian sugar went up in the same way, when the whole business went up from $11.33 to $22. That is another story.

Senator MCCUMBER. Mr. Lowry's name is down as a witness, and we would like to complete the testimony of Mr. McCormick.

Mr. MCCORMICK. I stated that in May, 1920, they put their price of raw sugar up to the unprecedented figure of 22½ cents per pound, f. o. b. New York. The wholesale price of that sugar, in refined form, f. o. b. New York, went to 26½ cents to the wholesale grocer, and by the time it got to the American housewife she was paying from 30 to 35 cents. As I stated, she was unable to secure an adequate supply even at that price.

Thus, the Cuban sugar manufacturer and the American investor in the Cuban sugar industry who sold their sugars at these extortionate prices reaped a golden harvest of profits beyond their wildest dreams. By their forcing sugar to these high prices they mulcted the American people out of $588,000,000, a greater amount than the duty on all imported sugar coming into the United States at 2 cents per pound duty would amount to for the next seven years. Cuban raw sugar fixes the price of all sugars in the United States. It is not a question of comparing how much more they got out of their sugar in the United States than they would have gotten if they had sold at 6½ cents, but it is a question of comparing how much it cost the United States on account of their pushing up our prices on all the

raw sugars that were imported into the United States. We find that by forcing these prices higher, which they did, instead of our getting our supply from that country at 6½ cents a pound, it cost us something like, I think Mr. Lowry just stated, 11 cents.

Mr. LOWRY. Raw?

Mr. McCORMICK. Yes.

Mr. LOWRY. I said Cuban sugar sold at an average price of $11.33.

Mr. McCORMICK. That has been figured up and that amounts to a matter of $588,000,000 that the American people have been mulcted on account of boosting prices beyond all reason. It is a great amount. As I say, this $588,000,000 is a greater amount than the duty on all imported sugar coming into the United States for seven years at 2 cents a pound. That was the cost in 1920 of this wild debauch—I am glad you gave me the word—of our friends from this great island who were here yesterday asking for assistance.

Supinely indifferent to the needs and welfare of the great American public, and feeling secure that they possessed all of the sugar available for our market, they held back in Cuba a large quantity of sugar for even higher prices. Under these conditions, and attracted by the mountain-high prices, sugars from every part of the world—Egypt, India, Germany, Czechoslovakia, China, Japan, in fact from 41 different countries—were rushed to the United States.

Senator SMOOT. Assisted in every way by the officials of the United States Government, in order to get it here and break those prices.

Mr. McCORMICK. Yes; to help save the people of the United States.

Here is an important point. While but 50,000 tons of such sugars, unnatural to our market, came here in 1919, 880,000 tons of this full-duty-paying sugar were brought into the United States in 1920. Here is a chart prepared by the American Sugar Refining Co., which shows where it came from and the amount. I will be pleased to leave that here.

While the owners of Cuban sugar thought they controlled the whole supply of sugar for this country, they had gone to sleep in their drunken debauch, if you please, to use Mr. Lowry's word. In the late summer they woke up and found that their market was being taken by sugars from other countries. They woke up, too, with a prod from their bankers, who told them to pay their loans, and they began to sell sugar. When they started to unload they found other sugars were flooding the market, and we find, for instance, a decline in these raw sugars from the high price of 22½ or 23½ cents in May to 4½ cents in December of the same year. That was the period when the beet-sugar manufacturers had to come in and market their sugar made in the fall of that year, and we had to market that sugar made from beets contracted for at a price based on the high price of sugar in January and February and March of the spring before.

If this 880,000 tons of raw sugars not natural to our market had not come into this country in 1920, and had Cuba taken advantage of her normal markets and offered her sugar at reasonable prices she would have no abnormal carry-over of sugar on her hands today; she would not now be in financial straits, but would be in a position to demand a fair price for her product.

Mark you, gentlemen, this was not a surplus of sugars of these other countries that came in here. I was in Germany not long ago,

and I could not get sugar on the table of the hotels at any of the smaller towns that I was in. They did not have it. They have no surplus of sugar in Germany, and yet Germany sent over here in that same year 14,000 tons of sugar. Why? They needed American gold worse than they needed German sugar. That is true of a lot of these other countries. There was no world's surplus dumped on us from the outside, as we well know.

I say, had Cuba been less greedy she would be in a position to demand a fair price for her product to-day. In her inordinate greed she pulled her house down on her own head and now comes screaming to the American Congress to extricate her from the débris.

This is the record of the sugar industry of a foreign nation from which we receive a large part of our sugar supply but which is beyond reach of the laws and regulations of our Government and indifferent to the necessities of our people.

Right here, gentlemen of the committee, I want to impress upon you that there is a clear distinction between Cuba as a country and the owners of the Cuban sugar industry. It is a well-known fact that the major part of the sugar industry of that island is owned and controlled by Americans, and the men who are now crying out for sympathy and assistance from the United States Congress are the very men who would not put a dollar into the development of the beet-sugar industry of the United States, which they argue is so profitable, but went over and invested their money in Cuba, where they could exploit the poor dark-skinned native laborer and make sugar for a trifle.

These are the same men who in 1920, when the domestic beet sugar was all sold out by the early months of the year, took advantage of the situation and advanced their prices outrageously to a point where sugar cost the consumer up to 30 cents a pound, thus profiteering on the people of the United States to the extent of hundreds of millions of dollars. Now, because we have in control at Washington the party that believes in protection to American industry and is assessing against foreign sugar a duty which is aimed to equalize the difference in the cost at home and abroad, we find these sucrose-Americans whose investments are in a foreign country, calling upon our Government for assistance for a foreign industry which, if granted, would exactly spell ruin to the domestic sugar industry.

To the judgment of this committee I submit, on the face of the experience of 1920, does America wish to maintain a sugar industry within the confines of our own territory and maintain competition or does she wish to be utterly dependent upon merciless foreigners for the supply of one of her greatest necessities of life.

America wishes to do no injustice to Cuba, and neither does she wish to destroy a great domestic agricultural industry. We believe that a safe solution of this problem rests with Congress.

The people of the United States consume approximately 4,000,000 tons of sugar annually. The domestic beet-sugar industry produces approximately 1,000,000 tons and the domestic cane and insular possessions produce another million tons. By reason of the high standard of living in this country and the consequent higher wages paid, the cost of such sugars preclude them from being marketed abroad in competition with tropical cane sugars. Since Cuba has a 20 per cent preferential in duty on sugars coming into the United

States, she naturally supplies the remaining 2,000,000 tons necessary to make up the total consumption of our people.

For all practical purposes, the foreign sugar costs that are necessary to consider are those in Cuba. The practical question is, therefore, to ascertain the cost of producing sugar in Cuba and the cost in the United States and to determine therefrom the necessary rate of duty to protect the domestic product. As the permanent tariff bill will not become effective for several months, the real question relates to the costs of production for the beet and cane seasons in the fall of 1921.

The United States Tariff Commission in their report, series No. 9, published in 1919, show on page 14 that in the year 1914 the average net cost of producing sugar for 45 Cuban factories was \$1.43½ per 100 pounds, and that the marketing cost, including freight, was 26½ cents per 100 pounds, making the factory cost of the sugar laid down in New York to be \$1.70 per 100 pounds.

I want to say that I have visited in Cuba some of the largest factories down there in 1916, and the manager of one of the large plants told me at his own dinner table that he could produce and sell at a good fair profit his raw sugar, f. o. b. vessel Cuba, at 2 cents a pound. I talked some 90 days ago to a gentleman in New York largely interested in the production of raw sugar. He said, "We will produce our sugar this year at 1½ cents." I want to call your attention to the fact that the reference in this table of the Tariff Commission goes back to 1913 and 1914. Since that time many mills, well equipped and modern, have been built in Cuba and are in operation, and to-day they are in a position to produduce sugar much more economically than ever before and at a lower cost.

The price paid the colonos for cane depends upon the price of raw sugar. The lower the price for such sugar, the less the price paid for cane. Aside from the cost of cane, the principal cost of making sugar in Cuba is labor. The price paid for labor in Cuba to-day is less than in 1914, the date covered by the above-mentioned Government report. At present Cuban sugar manufacturers are paying from 40 cents to 60 cents per day for labor. On the best information we have, we are led to believe that Cuba will produce this year and sell at a profit at least 2,000,000 tons of sugar at \$2 per 100 pounds.

The cost of producing beet sugar in the United States is not difficult to determine. You have got it here in the Tariff Commission's Report during that period, before we had these high taxes, before we had these high railroad rates, before we had these high coal prices. Those things naturally can not be taken as a measure of our cost to-day. I have stated before the committee that the average cost to-day is \$5.05 per hundred, from 16 of the largest producing companies in the United States, and \$6 per 100 in the East. I want to admit that we believe we can produce sugar cheaper than that next year, but since this industry is substantially and primarily an agricultural industry the first item of cost which we must take into consideration in the manufacture of beet sugar is the price which we must pay our farmers for their beets. You can take the record of this commission and see for several years that one thing stands out just like a guidepost; that is, that the amount of money which we pay the farmers for sugar beets constitutes 55 per cent of the

average of our cost of producing sugar. The farmer gets 55 cents out of every dollar it costs us to make sugar. We know, and I don't believe any man will deny it, that if we are to obtain a sufficient supply of sugar beets to operate these factories we must pay the farmers of the United States at least $6 per ton for the beets. No man will argue to the contrary. You can ask farm organizations or anybody else you care to ask, and you will undoubtedly get the same answer.

Taking as our basis $6 per ton to the farmer, that represents 55 per cent of our cost. We follow that through and find that if $6 is 55 per cent of the cost of the 233 pounds of extractable sugar we obtain per ton of beets paid for the sugar will cost us $4.68 per 100 pounds. In order for the sugar companies to pay the $6 it is absolutely necessary that we should get 5 cents a pound net for our sugar, and God knows the difference between $4.68 and $5 is not an exorbitant profit.

I am giving you these figures for the purpose of making you realize how we are to determine the amount of tariff which should be assessed against Cuban sugar coming into the United States.

Senator DILLINGHAM. Will you repeat the statement made about the amount of sugar consumed in the United States annually?

Mr. McCORMICK. About four million tons.

Senator DILLINGHAM. And Cuba is capable of furnishing one-half of that?

Mr. McCORMICK. Cuba, for the last two years, has been producing about four million tons, or enough to supply our total consumption and drive the domestic sugar industry out of business.

Senator CALDER. Where has Cuba been sending her sugar other than what has been brought here?

Mr. McCORMICK. It has been going to European countries. I haven't a list of the countries. The world's markets are open to her, Senator.

I have stated that it is necessary that the beet-sugar companies receive 5 cents a pound in order to pay the farmers $6 a ton for their beets. That would mean that cane sugar would be quoted at $5.20. Take granulated sugar at $5.20, f. o. b. New York. There is a differential of 20 cents a hundred at which beet sugar is sold below the cane granulated.

Now, in order to reach the $5.20 net price for granulated sugar f. o. b. New York, I am going to start with the present quotation on Cuban raw sugar, namely, $2 per 100 pounds, January–March shipment, which is the same as $2.20 in bond price, c. i. f. New York. Add $1 as the refiners' margin between raws and refined and we have $3.20 as the duty-free New York price for granulated sugar. Subtract this $3.20 from the $5.20 New York cane price which must be maintained to enable the beet-sugar producer to secure $5 per 100 pounds for his product, and we have $2 as the required duty per 100 pounds to be levied against Cuban sugar.

It is interesting to observe that this same conclusion is reached if, starting with a $6 per ton price for beets, we determine the cost of production of beet sugar in this country and allow the manufacturer a fair return on his investment. We find that we must sell his product at $5 per 100 pounds net cash, and to enable him to do this it is necessary to maintain a $2 duty against Cuba.

We base our determination as to the cost of producing beet sugar on the well-established fact that the price paid the farmers for beets constitutes 55 per cent of the cost of the sugar.

Using this as a basis, the formula works out as follows: $6 per ton of beets equals 55 per cent of the cost of producing the 233 pounds of extractable sugar from each ton of beets paid for. Therefore, 100 per cent of such cost is $6 divided by 55 per cent, or $10.90. Divide $10.90 by 233 and we have $4.68 as the cost of producing 100 pounds of beet sugar when paying $6 per ton for beets. If this is sold at $5 per 100 pounds, it leaves a profit of 32 cents per 100 pounds, certainly a modest margin.

On the basis of 2,000,000 tons Cuban crop, the net cost of Cuban raws, including a fair profit, is $2 per 100 pounds, f. o. b. Cuba. Add 20 cents for transportation and insurance to New York and $1 per 100 as the refiners' margin and $2 for duty, we have $5.20 per 100 pounds net cash, which will leave the Cuban planter 25 cents per 100 pounds profit.

This makes the Cuban's profit 25 cents per 100 pounds on an output of 2,000,000 tons against a domestic beet-sugar manufacturer's profit of 32 cents per 100 pounds, with sugar selling on a New York cane net quotation basis of $5.20 per 100, which is equivalent to a $5 net beet quotation.

I want to say in closing, Mr. Chairman, as a representative of, not the biggest producers of beet sugar in this country, but as a representative, if you please, of what we might call the modest average-size company, that $2 per 100 pounds under the conditions that Cuba can make sugar, and under the conditions under which we must make sugar, is the irreducible minimum necessary to enable us to continue in business?

STATEMENT OF F. R. HATHAWAY, DETROIT, MICH., SECRETARY-TREASURER OF THE MICHIGAN SUGAR CO.

The CHAIRMAN. State your full name for the information of the committee.

Mr. HATHAWAY. F. R. Hathaway.

The CHAIRMAN. And your residence?

Mr. HATHAWAY. Detroit, Mich.

The CHAIRMAN. And your occupation, Mr. Hathaway?

Mr. HATHAWAY. Manufacturer of beet sugar; secretary-treasurer of the Michigan Sugar Co.

The CHAIRMAN. Will you proceed in your own way to state your views to the committee?

Mr. HATHAWAY. The beet-sugar question, as it relates to the sugar schedule in the present tariff bill, is entirely different from the question as it has related in times past to the sugar schedule in any tariff bill that has ever been discussed in Congress.

Starting with 1890, when we had a production of simply twenty to thirty thousand tons of domestic sugar, which production was not considered sufficient to justify a protective tariff, the father of the bill of 1890 substituted a bounty in place of a protective tariff. From that time on all of the tariff bills have contained a protective feature with reference to sugar. One of them has contained an ad valorem tariff; the others have all contained specific tariffs, th

vowed purposes of all of which, except one—that of 1894—being, in a measure, protection to the domestic industry.

In the consideration of all these tariffs prior to this time we have always been confronted with a condition in which the output of duty-free sugar, plus Cuban sugar, was not sufficient to meet the needs of the United States. Now, for the first time in the history of the United States, we are confronted with an entirely different proposition. Cuba is producing approximately 4,000,000 tons of sugar. The duty-free sugar of continental United States and its insular possessions amounts to 2,000,000 tons, so that the combined output is, therefore, about 6,000,000 tons, of which amount only 4,000,000 tons can be consumed in the United States. This, I say, is an entirely different situation from any that has arisen before in the consideration of the sugar schedule of the tariff bill.

Senator DILLINGHAM. In the 2,000,000 you include beet sugar?

Mr. HATHAWAY. Yes, sir.

The present situation in the sugar industry has been developing since September 23, 1919, when the United States Government relinquished its control of all foreign sugar by advising the American refiners on that date that they were free to buy their raw sugar in the markets of the world. (It subsequently relinquished the control of domestic sugar on August 26, 1920, thus exercising direct control over domestic sugar for 11 months after it ceased control of foreign sugar. It was during that period of 11 months that the extreme high prices prevailed, which high prices applied exclusively to foreign sugar.)

During the period of 15 months which has elapsed since the Government relinquished the control of foreign sugar there has been accumulated a surplus of 1,200,000 tons of Cuban sugar, and nearly as great an amount of domestic sugar. It is this surplus which has utterly demoralized the sugar markets of the world. It must be remembered that the total consumption of sugar in the United States for several years to come can not be more than 4,500,000 tons. If Cuba continues to produce 4,000,000 tons of sugar and the United States to produce 2,000,000 annually, all of which finds a preferential market in the United States, there is bound to be a surplus. You can not put 6,000,000 tons of sugar into a 4,000,000-ton market without utter demoralization. In the midst of that demoralization the cheapest sugar will inevitably supplant the most expensive. In this warfare the sugar of continental United States will be the first to be supplanted. Then the sugar of Porto Rico, Hawaii, and the Philippines will be supplanted. Cuban sugar, because it is the cheapest sugar in the world, will survive. The domestic sugar industry of the continental United States and its insular possessions will be destroyed. The only remedy is a protective tariff which will equalize the cost of production between Cuban sugar and the sugar of continental United States. Keep constantly before you the fact that heretofore, in framing any sugar schedule, it has been possible for the United States to absorb the entire Cuban and domestic crop. This can no longer be done.

We have had 15 months of active competition with the following results: We now have a carry over of 1,200,000 tons of Cuban sugar and a large carry over of domestic sugar; one-third of the entire

capital of the domestic beet-sugar industry has been wiped out; practically one-half of the Louisiana cane industry is on the verge of bankruptcy, and there is complete demoralization of the Cuban sugar industry, with threatened revolution and intervention. Congress must realize this situation and must make such provision in the permanent tariff bill that will prevent our markets from being glutted with the Cuban and domestic product. Congress must decide upon one of two things—viz, whether this domestic market shall be given over to Cuba or whether the United States shall continue to consume the sugar produced in continental United States and its insular possessions and purchase the remainder of its needs from Cuba. Personally I do not believe that Congress will ever permit the passage of legislation which will make it impossible to produce in continental United States at least a war ration of sugar. The experience of this country, and of the world at large, during the last war fully justifies the enactment of fiscal legislation which will guarantee the production within continental United States of at least a full war ration of sugar.

Permit me to call your attention to the fact that a high protective tariff can not work to the disadvantage of Cuba except in one particular. As long as Cuba holds the advantages of a reciprocity treaty with the United States, the 20 per cent concession gives her better protection in the United States market under a high tariff than under a low tariff. Twenty per cent of a $2.50 tariff gives her 50 cents protection against full duty paying sugars, whereas 20 per cent of $1.25 tariff gives her only 25 cents protection against such sugars. The only sugar against which she is not better protected under a high tariff than a low tariff is our domestic product. Any attempt on Cuba's part to lower our sugar tariff is a direct blow aimed at our domestic product.

I have but one other point to bring to your attention, and I hope I may impress you with its importance.

The minimum price at which we can buy beets is $6 per ton. That was the price in the United States in 1916 and in 1917. Back as far as 1912 we paid $5.65 a ton for beets. In view of the increased cost of agricultural production, it is not reasonable to ask the American farmer to raise beets for less than $6 per ton. Whether it is reasonable or not, he will not do it in sufficient quantities to keep our beet-sugar factories in operation. To put these factories in such a position that they can not pay $6 per ton for beets is a direct blow at the American farmer.

The Government figures show that the maximum extraction of sugar in the United States is 240 pounds per ton of beets. A more correct interpretation was given by the gentleman who spoke this forenoon, who set the figure at 233 pounds. But use the Government figure of 240 pounds, and we find that on this basis the factories are paying the farmer $2.50 per 100 pounds for the extractable sugar in the beets. Remember that this $2.50 per 100 pounds represents the price paid by the beet-sugar factories in the United States to the farmer for the extractable sugar and does not include the cost of securing the acreage, the transportation expenses, the cost of manufacture, taxes, insurance, or any of the other expenses in connection with the manufacture of beet sugar in this country. It is simply

e amount the factory pays the farmer for his beets delivered at the ilroad station.

There is a world of evidence to show that the Cubans can lay raw gar down in New York with a fair profit at $2 per 100 pounds. iis has been the ruling price for some time. We pay the American rmer $2.50 per 100 pounds before beginning the cost of manufacture. iat in itself carries all the evidence necessary to demonstrate the cessity for a protective tariff. If we do not have it, these 4,000,000 ns made in Cuba will be sold in the United States, and they will be ld here to the exclusion of sugar made in the continental United ates and its insular possessions. That is the whole question in a itshell.

It is for you to decide the one question whether these 4,000,000 ns which we annually consume in the United States shall be made of 2,000,000 tons which we are raising in the United States and 000,000 tons imported from Cuba, or whether it is going to be ade up of 4,000,000 tons made in Cuba and none manufactured in e United States.

Senator DILLINGHAM. Are you acquainted with the facts relative the cost of production in Cuba and in the Hawaiian Islands?

Mr. HATHAWAY. No; I can not answer that question. There are ntlemen here from Hawaii who can answer that question much etter than I can.

I think that is about all I have to say on this question.

Senator DILLINGHAM. We thank you.

STATEMENT OF C. C. HAMLIN, REPRESENTING THE UNITED STATES SUGAR MANUFACTURERS' ASSOCIATION.

Senator MCCUMBER. Will you state to the committee your views n the tariff duties involved?

Mr. HAMLIN. Mr. Chairman and gentlemen of the committee, I iall occupy but a very few minutes of your time. Indeed, I feel most like apologizing for occupying any of it.

This question seems to have been very thoroughly covered by the ntlemen who have preceded me, and in view of what has already en said about the beet-sugar industry I shall trespass as little as ssible on your valuable time.

There are one or two matters which have been brought out in the scussion of this question, particularly on yesterday, that I would ke to call to your attention.

In the first place, I want to say that I can hardly believe that the ropaganda—I do not use the term in an offensive sense—which is been going on for a 1-cent duty on Cuban sugar is fair. I do ot object to propaganda so long as it is confined to the truth. I o object to the character of propaganda that was put out here sterday with reference to labor in the beet fields of our State. It the same in beet fields and on any farm. I agree very thoroughly ith what Senator McCumber said yesterday, that perhaps our ung men are better off if they have some employment. I might ld that the Government of the United States, in connection with e beet-sugar industry, has recognized this fact to the extent that bys are sent from the Indian schools to the beet fields, under proper

supervision, to help in that work. It is always careful to see that they are back in school at the proper time.

This propaganda is not new. It started some 12 years ago. At that time it was not propaganda for a 1-cent duty; it was propaganda for free sugar. At that time it was not conducted by the Committee on Cuban Emergency; it was conducted as a mythical committee of wholesale grocers pretending to be interested in the American consumer. But it has had but one purpose, and that purpose you will be able to judge of for yourselves if you will take the trouble to read the hearings before the Hardwick committee. You will find that the committee was organized and financed, as I believe this one is, by two or three men. They are the same men who not only put out the propaganda of 1911 but who made good on it by having free sugar written into the Underwood bill.

Most of the questions that have been asked here have been answered, I find by the notations which I have made, so that I shall not repeat them.

In considering the sugar situation in Cuba, I am reminded of the epigram of William Allen White, which appeared many years ago in an editorial that has become famous. The editorial was headed "What is the matter with Kansas?" and in it said that Kansas had started out to raise hell and was suffering from overproduction.

That is the whole question involved in this proposition to-day. We are confronted with tremendous overproduction in Cuba, which has, which will, and which must supply half of our sugar. It is now producing a quantity sufficient to supply all of our requirements. There must be a contraction of the production of sugar so that supply and demand will be, to some degree, balanced; and until that condition comes about there can be no stability in the industry. So the main question which will confront this committee is as to whether that contraction is to come by the elimination of the beet-sugar business in the West and the cane-sugar business of Texas, Louisiana, and Florida, and by the elimination, perhaps—I can not tell because I do not know their costs of production—of the industry in the Philippine and Hawaiian Islands, or whether Cuba shall go back to the prewar basis under which she has prospered and will prosper in the future. I do not think any of us want to injure Cuba; on the other hand, we do not want them to eliminate us.

Senator DILLINGHAM. If we were to eliminate the production of beet sugar here and destroy the industry, what will be the effect with respect to Cuba?

Mr. HAMLIN. I was coming to that. I had that in mind. I wanted to put the question of what the result would be.

Since the beet-sugar business has developed, the United States has enjoyed the cheapest sugar in the world. I think that is practically and literally true, and I do not believe that even Germany would be an exception. There would be an exception in the case of prewar Germany, when she produced a large surplus supply of sugar for exportation. I believe that this supply that we produce here has been the greatest stabilizer of prices of sugar in the United States, and I believe that the greatest calamity that could befall the American consumer would be to have this industry destroyed.

We have heard gentlemen here several times mention the fact that there were certain people who sharpened their pencils on both ends

ien the time comes, as I do not believe it will, that a few gentle-
n seated around a table in Cuba can sharpen their pencils at both
ls and make the price of sugar because they have a monopoly of
I believe the American consumer will be the chief sufferer. I think
it is amply shown by the fact that that condition arose in 1911
l again in 1920, when sugar, after the beet supply was largely out,
e to the stupendous price of 35 cents a pound.

I should not mention this fact had it not been brought out yes-
day. It has a direct bearing on the question you asked as to
king a price on sugar in 1920, when the Louisiana price was fixed
17 cents and the price of beet sugar fixed, first, at 10.5, then 11
its, and, finally, 12 cents. I do not believe that Louisiana that
ar got too much for her sugar, and the fact is that if Cuba had been
itent to market her sugar at that time and at that price she could
ve marketed every pound of sugar which she had, and those
0,000 tons of full duty paid sugar which came from 44 countries,
ne of which rationed their own people on sugar in order that they
ght exchange their surplus for American dollars, would have been
pt out. Cuba, however, was holding back her sugar and has
nked up the supply which is hanging over the market to-day and
reatens to ruin the industry.

The Cuban people and the Cuban Government are in a deplorable
ndition. If Cuba had marketed her sugar at the price which she
uld have received—17 cents per pound—she would have received
r her crop the sum of $238,000,000, which would have saved the
tire industrial and, I might say, the governmental situation.

If the time comes, as I said before, when this domestic industry is
minated and a few men in Cuba, unrestrained by our antitrust laws,
restrained by our Federal Trade Commission, unrestrained by our
ws and statutes, can sit down and name an arbitrary price that the
nerican public shall pay for its sugar, then indeed a calamity to the
nsumer will follows.

Gentlemen, these very questions have been pretty thoroughly
vered. However, a novel argument was advanced to the effect
at American capital having gone into Cuba it should be protected.
ie theory of protection of American capital in a foreign country
ich was advanced was novel to me. I believe that American
pital in a foreign country should be protected. My idea of pro-
tion to such capital is to see that it shall not be destroyed, that it
all not be discriminated against; but to say that domestic capital
rested in a foreign country shall be protected to the extent of
owing our markets open to that which it produces is at least con-
ry to the Republican idea of protection of American industries.

Gentlemen, I believe there is only one other matter to which I wish
refer. Senator Dillingham asked a question, a very pertinent
stion, this morning. I do not think that it was fairly answered.
ppeared from the testimony that was offered here that Cuba was
ucing 4,000,000 tons of sugar, or enough to meet all the demands
e United States. For some reason or other, whenever that state-
was mentioned on yesterday by what I will call our opponents
put the figure at four and a half million tons. As a matter of
during but one year has our consumption reached 4,000,000 tons.
ou asked, too, as to where this surplus would go. That is the
of the whole question. So far as this committee is concerned,

it has not gone. A million and a quarter of it is in the storehouse in Cuba to-day, in hock to the New York brokers. That is the sugar that threatens our market, not controlled by the cost of production, and not controlled by anything. It is the property of an insolvent debtor in the hands of the creditor, and if he sees fit to liquidate his debt it can spell nothing to us but ruin.

Finally, I wish to call your attention to this matter. I must say that I feel like apologizing for calling your attention to it, because I know it is a matter with which you are dealing at all times and with which you are much more familiar than I am. That matter is the value of our trade with Cuba. I do not underestimate it. Our foreign trade with Cuba is valuable. We want to stimulate it; we want to encourage it. But the figures that have been presented to you here are completely and entirely misleading.

Speaking of propaganda, I had before me, as it came across the editorial desk of a little newspaper that I publish in the West, the brief that Mr. Atkins read to this committee on yesterday, in which he gave our exports to Cuba for the calendar year 1920.

Senator WALSH. I think he submitted a table.

Mr. HAMLIN. Yes; the table is here and is undoubtedly correct. It showed that our export trade during that year to Cuba was somewhat over $500,000,000. During the course of the presentation Senator McCumber, I believe, asked if that had not fallen off considerably since the unfortunate depression in Cuba. The answer to that is that for the calendar year ending June 30, 1921——

Senator WALSH. You mean the fiscal year, do you not?

Mr. HAMLIN. Yes; the fiscal year. I thank you, sir. It was a little over $400,000,000. That also is a stupendous figure; but, gentlemen, there are a few things that we must bear in mind in connection with that. In the first place, those exportations were at a time when the cost of everything was at the peak. In the second place the greater portion of those exportations was at a time when Cuba at least thought that she had reached the extreme pinnacle of prosperity and was buying almost indiscriminately. I am not saying this in a critical sense, because our people did very much the same thing. So, taking those factors into account, it would materially reduce these figures under normal conditions.

I will say, further, that for the year 1915—and I am not sure whether this was the fiscal year or the calendar year, but it was the first normal year that I have been able to get figures on—our exports were $75,000,000. It is a large figure. It is a fine trade. It is a trade that should be encouraged and stimulated, so far as we can encourage and stimulate it without the destruction of a great domestic industry. I venture to say that it will not be disputed that that figure is much more near normal than the figure of $500,000,000 which has been presented to this committee. Indeed, I can say that I think from some little investigation of the subject that it is a fair estimate of our export trade to Cuba in normal times.

Bear this point also in mind. If Cuba's whole 4,000,000 tons of sugar were sold at 2 cents a pound—let us say 3 cents a pound, which would give a tremendous profit, since 3 cents a pound would amount to $60 a ton—taking the abnormal production of 4,000,000 tons, it would amount to $240,000,000. That is not their net profit; that is the gross price. To say that a nation whose one product—90 per

cent—represents but $240,000,000 on double the amount they ought to produce, at a price which would give an abnormal profit, has a buying capacity of $500,000,000 is absolutely absurd.

Valuable as the trade of Cuba is, our trade is certainly valuable to her.

In closing I wish to call your attention to the fact that 17 years prior to the reciprocity treaty with Cuba the balance of trade with that island against us was $538,000,000 plus. For the 17 years following the reciprocity treaty the balance of trade against us was $1,298,000,000 plus. So, while $75,000,000 represents a valuable trade and makes Cuba a valuable customer, I should say that the United States, with its 100,000,000 people, is a valuable customer of Cuba's. This is especially true when it is considered that there is a 20 per cent reduction for her benefit in our tariff, which gives her a complete monopoly as against the world on every pound of duty-paid sugar which we consume. Brought down to its essence, Cuba and the United States can both prosper under laws that will permit us to produce half of our sugar and Cuba the other half; but, candidly, in my opinion, there is only one answer, one solution, to this problem, and that is such legislation by the Congress of the United States as will cause Cuba to regulate her production of sugar to the 50 per cent that we can consume plus that for which she can find a foreign market.

I thank you very much.

Senator WALSH. Senator Dillingham, it may be in the record already, but I would like to know how much of the sugar that we consume comes from the Philippine Islands; how much comes from the Hawaiian Islands; how much comes from Louisiana; how much beet sugar comes from this country; how much beet sugar comes from Canada; and then how much is exported from other places.

Mr. HAMLIN. I think I can give you the figures very closely. These are rough figures. The quantitative sugar situation is easily analyzed.

We produce in the continental United States and our insular possessions 50 per cent of our supply.

Senator WALSH. That is, of both beet and cane?

Mr. HAMLIN. I will put it in a little different way. We produce from the beets 25 per cent of our domestic consumption.

Senator WALSH. In the continental United States?

Mr. HAMLIN. In the continental United States. We produce from the cane in the continental United States and our insular possessions another 25 per cent. That leaves—if I am mistaken in my figures some of the gentlemen in the audience can correct me—50 per cent of duty-paid sugar which we must have.

Senator WALSH. Does some come from Canada?

Mr. HAMLIN. If so, it is a small quantity.

Senator WALSH. The rest comes from Cuba, does it?

Mr. HAMLIN. Yes. As to cane production, Louisiana has varied very much. It was reduced when we were confronted with free sugar, as we were. You will understand that in 1915 and, indeed, in 1914, because we were looking forward to the 1915 crop, we approached free sugar with a great deal of apprehension, and Louisiana cut its production considerably. But I should say it would amount to about 200,000 tons.

Senator WALSH. What is the percentage?

Mr. HAMLIN. That is 200,000 tons out of 4,000,000—25 per cen would be a million tons.

Senator WALSH. Of the cane?

Mr. HAMLIN. Of the cane.

Senator WALSH. How much comes from the Hawaiian Islands?

Mr. HAMLIN. About 600,000 tons.

Senator WALSH. That is 15 per cent?

Mr. HAMLIN. Yes.

Senator WALSH. How much from the Philippines?

Mr. HAMLIN. I should say something under 100,000 tons.

Senator WALSH. Five per cent.

Mr. HAMLIN. Two and one-half per cent. In Florida the can business is in its infancy. It is not large, although a sugar mill i being built there. The production in Texas is not large.

Senator WALSH. I thank you very much.

Senator GOODING. What chance is there for the beet growers an the cane growers to increase the production of sugar under the con ditions existing at the present time?

Mr. HAMLIN. Senator, I shall be very glad to answer that questio if I can. What I am about to say may not conform wholly wit what my friends in the beet-sugar industry may believe. My opinio is that we can increase it so that we can supply the entire deman but it is my candid opinion, Senator, that to do that we would hav to hothouse the industry to a great extent in the less favorabl localities and it would require a higher rate of duty than the Amer can people would stand for or than they ought to pay. My opinio is that while the beet-sugar industry, for instance, in your State an in other States will increase, the ratio, due to increased consumptio which we will have, will probably maintain about the proportion th I have suggested. That is my individual opinion.

Senator GOODING. We have to realize, of course, that some of th States in this country have not even commenced to develop that.

Mr. HAMLIN. My idea of that is that the arid States, as you w know, being from Idaho, will be able to develop the industry. I those places where you are bringing in new irrigation projects th beet-sugar business is going to thrive. My expectation is that if w get an adequate tariff they will manufacture at a reasonable cos and that will help settle this market and insure sugar to the co sumer at a reasonable price. My hope is that we may have a logic and reasonable development of the beet-sugar industry and that o increased consumption will take care of that increased supply. I d think that the beet-sugar industry is destined to increase.

STATEMENT OF HENRY T. OXNARD, REPRESENTING THE UNITE STATES SUGAR MANUFACTURERS' ASSOCIATION.

Mr. OXNARD. Mr. Chairman and gentlemen of the committee, I d not propose to take up the time of the committee going over groun which has been so thoroughly covered on this subject, but I sha merely insert a short brief, which I ask be made a part of the recor This is done at the request of the president of the United Stat Sugar Manufacturers' Association.

Senator MCCUMBER. That will be done.

(The brief is as follows:)

In reference to paragraph 502 of the proposed tariff schedule, which provides for the importation of double the amount of sugar domestically manufactured at three-fourths the regular rate of duty imposed on other sugars.

I believe that such a provision would be class legislation and also would be abortive so far as any permanent good to any portion of the domestic sugar industry is concerned.

It would be class legislation for the reason that because of geographical location and prohibitive freight rates there would be no possibility of the great bulk of the domestic producers, especially of beet sugar, availing themselves of any of the benefits of this provision. Most of the beet-sugar factories are in the far West. With the exception of a few factories in Michigan, none of the American beet-sugar factories are near enough to the coast or to the Great Lakes to be able to import and refine foreign sugar.

More than 75 per cent of the beet sugar in the United States is produced in territory west of the Mississippi Valley where the population is restricted. The population in that territory can not consume the sugar produced there to-day, and over one-third of this sugar has to find a market east at a freight rate averaging about one-half cent a pound in order to reach the markets of great consumption. It is evident that no foreign raw sugar can be transported there to be refined and pay freight each way. If this paragraph were in force it would allow those few who could avail themselves of it the opportunity of lowering the market of the western beet-sugar surplus to the extent of the proposed rebate of 25 per cent or force them to restrict their present production. The practical result would be a lowering of the entire benefit of the tariff by 25 per cent of the proposed rate to the western beet-sugar surplus. As a matter of fact, the only real beneficiary of this paragraph would be the American Sugar Refining Co., who operate a very large refinery in Louisiana.

As regards the Louisiana cane-sugar industry, while a slight temporary gain might be made in the price of raw sugar sold by producers to local refineries, because the purchase of such sugars would enable the refineries to import double the amount of foreign sugar at the reduced rate of duty, any slight immediate benefit would be more than offset by the harm which would come in the end.

The influence of such a measure on the beet-sugar industry could not help be positively detrimental, for the reason that if a quantity of foreign sugar be admitted at a lower rate of duty the refiners of that sugar, be they simply refiners or be they producers as well, will be enabled to make a lower price to Mississippi and Missouri River points, which are the main markets for western beet sugar, and even though the quantity be small it would carry down the price of all other sugars reaching these markets. If 50,000 tons of such duty preferred sugars were being marketed at lower prices at these points during the time that a half a million tons of beet sugar were being marketed, the whole 500,000 tons would have to be sold at the lower price made possible by the reduced rate of duty on the 50,000 tons of foreign sugar, and the direct loss on the 500,000 tons would run into many millions of dollars. The tendency of the Michigan output of such sugars also would be to depress the price of all sugars marketed in the same territory.

The present and proposed rate of duty on Cuban sugars is $1.60 per 100 pounds. This article provides for a reduction of one-fourth that rate, or 40 cents per 100 pounds. If the refiners of sugars, without loss to themselves, elected to pass this 40 cents on to the jobbers, to effect the sale of any other sugars this price would have to be met, and this would mean an annual loss of $4,000,000 on 500,000 tons. By skillfully manipulating the distribution of this 50,000 tons of reduced-duty sugars, it might be made to affect the price of even a greater amount than 500,000 tons of domestic beet sugar.

From every viewpoint the effect of the adoption of paragraph 502 would be detrimental to both the domestic beet and the domestic cane-sugar industries, and hence, speaking for a majority of the beet-sugar producers who have requested me to appear in their behalf in opposition to the adoption of this paragraph, I say that the domestic beet-sugar industry is practically opposed to the incorporation of paragraph 502 in the proposed tariff bill.

STATEMENT OF A. E. CARLTON, COLORADO SPRINGS, COLO., PRESIDENT OF THE HOLLY SUGAR CORPORATION.

Senator McCUMBER. What is your residence, Mr. Carlton?

Mr. CARLTON. Colorado Springs, Colo. I am president of the Holly Sugar Co. The Holly Sugar Co. stands sixth in production in the domestic beet industry, producing 1,000,000 bags, or one-twentieth of the beet sugar produced.

Senator McCUMBER. Where are you located?

Mr. CARLTON. We have one factory in Wyoming, two in Colorad and three in California. We represent about the average-cost pr ducer in the industry. We are neither the high-cost nor the low-co producer. We represent about the average condition.

There are two things essential in the beet-sugar industry: One beets and the other is the money to run your plant. Under t sliding-scale contract which we have, a copy of which I should like put in the record, we have paid this year to the farmer so little that is bankrupt.

Senator WALSH. May I ask if there is any one here representing t farmers?

Senator McCUMBER. Only the manufacturers.

Senator WALSH. There are no agriculturists?

Senator McCUMBER. No.

Mr. CARLTON. The beets produced under that contract averag 14 per cent in sugar. You will notice by following that colun down at 5 cents per pound, the minimum price, which is above t price netted this year by our company, we pay the farmer $5.13 p ton. The result has been that the farmers this year have suffered t same experience as the factories. They have had tremendous loss in money. They have not been able to obtain for their beets t amount of cash paid out for labor.

Senator WALSH. How many tons are there to the acre?

Mr. CARLTON. About eight tons in this locality. I think that is fair average for the United States. I should say eight or nine to to the acre.

The farmer is the most important part of this thing, and this is t one product of all that the farmer produces that can be protected the tariff. We produce less sugar than we consume, and you c provide a tariff that will give the farmer a decent price for his bee

Senator McCUMBER. These are all raised on irrigated lands, a they not?

Mr. CARLTON. Yes; in this particular country. In Oregon, course, it is different, and also in Ohio.

The question of finance is a very important one from the facto standpoint. Last year the beet-sugar business of the United Stat lost in the neighborhood of $60,000,000. Our company's losses we very heavy. This year our losses, based on to-day's market for sug will be approximately $1,000,000. It resolves itself into a questi as to how long the beet business may be willing to go along und these conditions. As a matter of fact, the Holly Sugar Corporat will not be able to contract with the farmers for beets this coming ye unless the situation is changed very soon. I am speaking now of t 2-cent raw sugars which fix the price for refined sugar. My ow opinion is that, due to forced sale of bank collateral, the raw sugar w sell in the next 30 days for 1 cent a pound, and that for six months will sell below the cost of the lowest producer.

There is another thought that I should like to present, and that this, that if the beet-sugar industry is to survive the decrease Cuba will require a period of four or five years, at least. It is alwa so after a war. Prices drag along on the bottom from five to sev years.

If it is the purpose of Congress to continue this domestic industry, we should provide, not a temporary tariff, but a permanent tariff, that will cover this readjustment period in Cuba, and that will not be quickly done. It will require, as I have said, from five to seven years.

As to the amount of duty, representing as I do the average-cost producer, I can only say what I said at the hearings before the Ways and Means Committee in January, and that is that we require a duty against Cuba of 2.4 cents. That would result, with a cost of 2 cents raw, and a refining charge of 1 cent, in a price of 5.45 for refined sugar in New York. From this price must be deducted the freight disability of 50 cents a bag to all companies located west of the Missouri River. Our big market is Chicago, and we are under a handicap on an average of 50 cents per bag to the companies located in Colorado, Idaho, Utah, and California. Even with a duty of $2.40 on Cuba, the net to our beet factories would be $4.90. Under this the price to the farmer would be very low and the profit to the factory would be practically nothing.

We do not expect, and are not asking, a profit for the beet-sugar factories during this period. We will be glad to live. As it is to-day, we are broke. Our working capital has been exhausted and the beet-sugar factories that the Holly company owns will be piles of junk next year. We do not care to undertake to make a contract.

Senator WALSH. Did the emergency tariff give you relief?

Mr. CARLTON. Yes; it lessened the loss 60 cents per bag.

Senator WALSH. It succeeded in keeping out some Cuban sugar, did it not?

Mr. CARLTON. No. The Cuban sugar has been choking us.

Senator WALSH. It did not keep out competition altogether, but it kept your losses down?

Mr. CARLTON. Yes. If we had had 80 cents this year, our losses would have been practically nothing.

Senator MCCUMBER. You would have broken even, would you?

Mr. CARLTON. The Holly company would have lost approximately 20 cents a bag.

Senator GOODING. I would like to ask if you are getting any relief from the War Finance Corporation.

Mr. CARLTON. I am glad you mentioned that. The beet-sugar factories, such as the one I represent, would have been unable to function and treat the beets that they contracted for had it not been for Congress providing for the War Finance Corporation. The banks, of course, would not finance us. They know the industry is losing money and they are already stuck.

Senator MCCUMBER. Were you financed directly by the War Finance Corporation, or through the banks?

Mr. CARLTON. They financed us under section 24 of the bill. They financed the Holly Sugar Corporation because we advanced money directly to the farmers. The other companies formed an intermediary finance corporation and borrowed their money from the finance corporation, which in turn rediscounted the paper with the War Finance Corporation.

Senator GOODING. I might say that is the condition of our beet-sugar factories in Idaho. Without the War Finance Corporation I doubt if any of our factories would have harvested their crop at all.

The industry would have been at a standstill. That is the condition with us.

Mr. CARLTON. The unfortunate thing is that the contracting season is at hand. We have to begin to contract in March. It seems a pity that we can not take that product from the farmer. That is about the only product we can. If there were one cash crop we could make available to him, it would be very helpful.

HAWAIIAN SUGAR.

[Paragraph 501.]

STATEMENT OF ROYAL D. MEAD, HONOLULU, REPRESENTING HAWAIIAN SUGAR PLANTERS' ASSOCIATION.

Mr. MEAD. Mr. Chairman, my name is Royal D. Mead. My home is at Honolulu, Hawaii.

I would like to offer a brief on behalf of the Hawaiian Sugar Planters, asking for such a tariff on sugar as will equalize the cost of production between the domestic industry and Cuba.

Senator McCUMBER. Very well. You may file the brief.

Mr. MEAD. There is one statement that I should like to call attention to. It is a statement made by the principal speaker for the Cuban interests. He said that the Hawaiian planters are petitioning Congress for permission to import a large number of Chinese laborers to cheapen their production. The gentleman was mistaken. We have in Hawaii a very acute situation, not only from an industrial but from a political standpoint. From 40 to 50 per cent of our population is Japanese. They have control of the labor situation and they will soon have it in their power to control the political situation also.

The Hawaiian Legislature has petitioned Congress for relief. How that relief is to be granted, whether by allowing Chinese to go to Hawaii or other nationalities, is a matter for Congress itself to decide.

The Hawaiian planters have not asked for Chinese for the purpose of cheapening labor or costs of production.

The gentleman was also mistaken when he said that the Cubans were not bringing in Chinese. Large numbers of Chinese have gone to Cuba in recent years and within the month I read in a Honolulu newspaper of a steamer load of Chinese passing through that port en route to Cuba.

(The brief is as follows:)

The Hawaiian Sugar Planters' Association, representing all the producers of sugar in the Territory of Hawaii, respectfully submits:

As producers of domestic sugar we request the maintenance of such tariff on raw sugar as will equalize the marginal cost of production between the domestic industry as a whole and our principal foreign competitor, Cuba.

We call attention to the fact that in the United States Tariff Commission we have adequate machinery for the accurate determination of relative costs, provided Cuban producers now protesting the existing rate will submit their cost figures for the confidential scrutiny of the commission in the same way as is done by the domestic producers.

We respectfully urge that no change be made in the existing rate, which we believe to be amply justified by present conditions, until the Cuban producers are willing to fill out their cost schedules as requested by the Tariff Commission and the commission has made a comparative analysis of domestic and Cuban costs.

We do not at this time submit any generalized or average figures for consideration of the committee because we have furnished all the information required by the schedules of the Tariff Commission and we believe that generalizations are valueless for comparison within the degree of accuracy required unless made on a uniform basis by a scientific and impartial tribunal.

We are not unmindful of the distress now existing in Cuba on account of the present overproduction of sugar in that island and the impossibility of getting a remunerative return therefor. We allege that in common with other domestic producers the distress in the Hawaiian Islands is just as real as in Cuba, and contend that the suggestion that marginal costs be equalized by the tariff so that the higher cost producers both at home and abroad must limit their production, is more than fair as applied between America and a foreign country, no matter how close our relations with that country.

We submit that the present overproduction in Cuba is in violation of the spirit of the reciprocity agreement, which as shown by the evidence at the hearings in 1902, was designed to give Cuba only a substantial preference over other foreign nations to the end that she might supply all our import requirements.

With the increase in production due to this preferential, Cuba attained in 1913 a substantial monopoly of our import market. We submit that in so far as further production necessitates encroachment upon the domestic market and displacement of domestic sugars it is not warranted by any moral obligation toward Cuba.

As Cuba has officially claimed to be the cheapest sugar producing country in the world, the markets of the world are open to her, and we respectfully submit that no further concessions in the domestic market should be made in the absence of adequate explanations as to why Cuba does not seek the world's markets for her surplus production instead of dumping it on the American market at a loss, forcing a consequent loss on the domestic sugar producers.

LOUISIANA SUGAR.

[Paragraph 501.]

STATEMENT OF JOE B. CHAFFE, REPRESENTING THE AMERICAN CANE GROWERS' ASSOCIATION.

Senator McCUMBER. Do you represent the growers?

Mr. CHAFFE. I speak for the smallest unit of sugar producers in domestic production—the Louisiana cane-sugar industry.

Senator WALSH. Have they an organization?

Mr. CHAFFE. Yes.

Senator WALSH. What is it called?

Mr. CHAFFE. The American Cane Growers' Association.

Senator WALSH. How many members are there?

Mr. CHAFFE. About 400 on the rolls, sir. We are the smallest unit, but we are the oldest sugar producers in America. We have been producers for more than 100 years down there in Louisiana. We have had the usual ups and downs of a man in the sugar business, regardless of whether he be in the continental United States or in the Tropics. Our difficulties have been such as those recited by the witnesses who have preceded. During the year 1920 our losses were, in proportion to our investment, stupendous.

Our friends, the gentlemen from Cuba, say that our investment is negligible, being only $35,000,000. With your permission, and by way of parenthesis, I may say that we are not only manufacturers but we are farmers. We grow 45 per cent of all the cane that we crush, and only 55 per cent is grown by independent farmers on their own lands.

Senator WALSH. And it is from them that you buy the cane, is it?

Mr. CHAFFE. It is from them we buy the cane. Sugar cane is absolutely unmarketable until it has gone through our plant. Our plant stands in exactly the same position to the sugar-cane grower

that the thrashing machine does to the grain grower of the West. We convert part of the sugar into consumption sugar, as we call it. That is our plantation granulated and our high-grade clarified sugar. A part also goes into raws. During the past three or four years the bulk of our crop has been made into sugar fit for immediate consumption; that is to say, it is high-grade clarified sugar. Our investment figures show that we have 600,000 acres under the plow. At a cost of $125 an acre, that would amount to $75,000,000. We have 189 sugar factories, according to the census reports for 1914, and they were appraised at $33,000,000. Our railroad equipment is estimated at $3,500,000. We have 48,000 mules. At an average price of $150—I have not bought any that cost less than $275 in the last four years—their value would be $7,200,000. The implements, wagons, and harness for those mules would, estimating the cost conservatively, be worth $125 per mule, which would amount to $1,300,000. That makes $120,000,000. Our $120,000,000 means just as much to us as the $1,000,000,000 to the men who have invested their money in Cuba.

Again, I represent the only 100 per cent American producing element; not that my friends the beet people haven't laborers in their fields who, as rapidly as they can be amalgamated, will be 100 per cent American, but because we have no influx of foreign immigrants into Louisiana. So I can say that we represent a 100 per cent American industry.

Senator WALSH. How many persons are employed in the industry in Louisiana?

Mr. CHAFFE. Approximately 350,000, sir. That, however, is only a rough estimate as to it.

Senator MCCUMBER. And they are mostly of the brunette type, are they not?

Mr. CHAFFE. We have a great many Creoles—that means white people descended from European parents. The greater number are descended from French and Spanish. Then there are the "Cajuns," white people, the descendants of the Acadians who were driven out of Nova Scotia because of their religious convictions and came to Louisiana. I know of no more honorable representative of that portion of our people than Senator Broussard, of Louisiana.

Senator MCCUMBER. We will readily agree to that.

Mr. CHAFFE. And he is quite as proud of the name as anyone is of his particular nationality.

Senator MCCUMBER. I was really jesting; but I did want to direct attention to the question as to whether or not a large portion of the labor is colored. In other words, there is little white labor, is there?

Mr. CHAFFE. Twenty-three whites to fourteen colored is about the proportion. That is the proportion of the farm operatives in the 23 parishes that cultivate sugar.

I should only be repeating what some of those who have testified ahead of me have said if I were to tell you that there is a club hanging over us in the shape of about a million and a half pounds of sugar that is in Cuba. While we in Louisiana were allowed 17 cents for our lower grades of sugar and 18 cents for our plantation granulated sugar, there was hardly anyone, even a profiteer, who could be found with it, and the Cuban sugar in November of that year was selling, raw, at 9¾ cents per pound. I know, because I happened to be

associated with a purchase of Cuban sugar that was made by a Chicago grocery concern.

Senator McCUMBER. You refine this sugar, do you?

Mr. CHAFFE. Yes; we make it directly from the cane.

Senator McCUMBER. You do not dispose of any of the product except in the refined state?

Mr. CHAFFE. Oh, yes.

Senator McCUMBER. Will you explain about that and the proportions?

Mr. CHAFFE. Recently when we have had opportunity to sell it in the shape of raw and there was no market for plantation granulated and we had to have money to pay the cane growers for their cane, we sold it raw. When we make high-grade sugars, we sell that to bakers and candy makers for general consumption.

Senator McCUMBER. Taking it under normal conditions, what portion of your product do you refine yourself? I am referring now to the entire cane product.

Mr. CHAFFE. I would have to answer that by saying that up to four years ago the margin of difference between the price we could get for raw sugar and the price we could get for plantation granulated made us feel it was to our advantage to get the raw sugar and sell to the refiner, but within the past four years we have changed that condition. Because of the difference in margin, last year we made approximately 86 per cent of our entire crop into direct-consumption sugar, and during this year I anticipate that 60 to 70 per cent of the crop will be made into direct-consumption sugar. Whether that is done directly in our own sugar house or whether, because of the demand of the market to-day for sugars that can not be found fault with at all, the raws are made and then turned into the bone-black plant so that it will give us something that the people will take, it none the less remains the property of the producer until it is turned out of the bone-black refinery.

Senator WALSH. Do you claim that the cost of producing cane sugar is more or less than that of producing beet sugar?

Mr. CHAFFE. More.

Senator WALSH. Does it sell for more in the market?

Mr. CHAFFE. No, sir; sugar is sugar. It does not make any difference whether it is made from beets or cane.

Senator WALSH. It is impossible to tell, is it?

Mr. CHAFFE. I know of no way that it can be told.

Senator WALSH. As a matter of fact, it costs you, in Louisiana, more to put the sugar on the market than it does those who raise the refined beet sugar?

Mr. CHAFFE. We believe from such information as we have been able to gather that that is the case. We do not get so much sugar from a ton of cane as they do in the Tropics.

Senator WALSH. I did not mean the Tropics. I was referring to beet sugar.

Mr. CHAFFE. But we do get more tons from an acre of land than——

Senator McCUMBER (interposing). I had supposed that the price of sugar of a certain degree of refinement would be the same whether it was beet or cane, but I noticed that when one of the witnesses testified for the beet industry he spoke of a differential of 20 cents per

hundred pounds, which I understood him to say was the difference as between the beet and the cane sugar. I may have been mistaken.

Mr. CHAFFE. No; I think you were right. I think you understood him correctly, but I think that is purely a matter of prejudice against the beet sugar rather than a matter that can be established as to availability for the same purpose. I have heard all my life about the difference in the quality as between beet sugar and cane sugar, but I have never been able to find anyone who could tell me of any real difference that existed between the two. One is sucrose and the other is sucrose, and the only thing we have to measure it is the polariscope, which does not show any difference, whether it is made from beets or whether it is made from cane.

Senator WALSH. They are not mixed for the same purpose, are they?

Mr. CHAFFE. Not that I am aware of.

Senator WALSH. Why?

Mr. CHAFFE. I do not see that there would be any advantage in doing that.

Senator MCCUMBER. There would be no occasion for it, would there?

Mr. CHAFFE. I can not see that there would be any advantage gained at all by doing such a thing.

Senator MCCUMBER. As a matter of fact, does the cane sugar sell in market generally for 20 cents per hundred pounds above the beet sugar?

Mr. CHAFFE. Bone-black granulated; yes, sir. Sometimes, because our quality is not as good as theirs, it sells at 10 cents under beet. I am aware of the fact that this year some sales have been made where the difference has been wider than 10 points under beet. But I should say that is the usual rate of difference. I have heard of other cases where sales were made at a wider differential, but that is largely because they wanted the money. In one instance that I remember I had assurance from an individual that he had conceded 15 cents because he wanted ready cash.

Senator MCCUMBER. Does the bone-black refined sugar bring a higher price than the other?

Mr. CHAFFE. Yes. That is the only difference that I know of that you have as between beet granulated sugar and cane granulated. The beet factories do not usually work with bone-black equipment, so far as my information goes. Our plantation granulated is made with bone-black equipment. Then there is the lime and sulphur process. Sulphur dioxide is used for bleaching the juices.

In 1920 our losses were rather heavy on cane because our crops, like those of the beet people, were made on high prices for everything.

As to the details, each item of expense entering into the cost is shown here. We have here the figures showing the losses per ton on the crop of 1920. There are four plantations shown. In the year 1920 they lost all the way from $5.23 to $13 per ton on cane in the agricultural end. You must understand that that is the agricultural operation.

I have here some letters. They happen all to come from the same man, but he happens to be the president of more than one sugar-plant company. These letters show the results of operations in 1921.

uite a number of our plants are still in operation. It is only from iese few that have finished that I could get the figures.

The president of the Evan-Belle plantation states that the cost of roduction has been $73,000, which equals, for planting, cultivating, id other expenses to the beginning of grinding, $5.33 per ton. The arvesting expenses, including cutting, hauling, and delivery to railad, amounted to $1 per ton, and the overhead expenses amounted) $1 per ton, making a total cost of production of $7.33 per ton. .e says that against this they will receive on an average from the ictory $3.85 per ton, showing a loss of $3.48 per ton.

He says that the cost of production on the Evan-Hall property has een $42,329, which includes planting, cultivating, and other exenses to the beginning of grinding, or $3.84 per ton; that harvesting kpenses, including cutting, hauling, and delivery to railroad, mounted to $1 per ton, with the same figure for overhead expenses. his makes a total cost to produce of $5.84. Against this there will e receipts of $3.85 per ton, showing a loss of $1.99 per ton.

The Choctaw plantation shows a cost—this place has no factory, or does it own any interest in any factory—of $4.50 per ton, against eceipts of $3.85 per ton, making a loss of 65 cents per ton. This ı accounted for by the difference in the overhead.

The Cedar Grove Sugar Co. shows a cost of $4.67 per ton as against eceipts of $3.85, or a loss of 82 cents per ton.

These are all strictly agricultural operations.

I have here a telegram saying that the cost for producing cane this ear was $5.60 a ton; the cost of manufacturing, $2.41 per ton; verhead expenses, $1.10 per ton; yields were equivalent to 170 ounds of granulated sugar; the selling price was equivalent to $7.82 er ton; and the net loss, $0.89 for growing and manufacturing. his telegram is from the Sterling Sugar Co. (Inc.). It operated a arge factory to cultivate their own cane, which amounted to approxinately 14,000 acres.

Senator McLEAN. Do you know what percentage of the cost would e labor?

Mr. CHAFFE. About 52 per cent.

Senator McLEAN. What do you pay your farm hands?

Mr. CHAFFE. $1.25 per day.

Senator McLEAN. Do you know what they pay in Cuba for the ame class of labor?

Mr. CHAFFE. I do not know. The only information I have is that I have gathered here.

Senator McCUMBER. Is that $1.25 without board?

Mr. CHAFFE. Without board. If it is labor from some distance— and we frequently have to send to our neighbors for assistance— re usually pay a dollar a day and board. This year it is 90 cents a lay and board. We can not board them for 35 cents a day, but we have to have the help.

The sugar in Louisiana can not be left in the fields. This year we are fortunate in not having any ice to kill the crops. As a result of that cane tonnages are running higher than we anticipated and the sugar content is very much better than the average. We usually get about 138 pounds per ton of cane, but this year we are getting 170, as that telegram states. That is the antithesis of what we had in 1919. In 1919 it began to rain in July; that is to say, it began

to rain in July, 1918, and it rained 120 inches by July, 1919. The result was that that crop was only one-third of a crop. That is why the Attorney General granted the price of 17 cents and 18 cents for our low-grade and high-grade sugars. In many instances that did not cover the cost of production.

Senator CALDER. Is the acreage of cane sugar increasing or decreasing?

Mr. CHAFFE. It fluctuates so with the prospect of free sugar or other vicissitudes attached to the sugar question that it is difficult to say. Of course, in 1915 we began to trim our sails for 1916 free sugar. The crop in 1916 dropped down to about 186,000 tons. The crop of 1919 was not reduced because of premeditation or anything of that sort, but purely because of weather conditions over which we had no control.

Senator CALDER. What I meant was this: Over a period of years has the increase been about the same?

Mr. CHAFFE. About the same.

Senator CALDER. There has been no increase in other parts of the country?

Mr. CHAFFE. There is very little increase in Florida, but I am told they are hesitating about going ahead until they see something that looks like stabilization of the industry. Sugar cane is not like beets. You can not buy a carload of sugar-cane seed and plant it. You have to make up your mind before the first of the year that you are going to plant cane and then cut the stalk. It takes from 8 to 9 per cent or, I should say, from one-eighth or one-ninth of the entire total of cane grown in Louisiana to seed the next crop. We may grow two crops. The land has to be renewed. It is not profitable usually for more than one year.

Senator MCLEAN. It is entirely an annual affair? You cut the stalk?

Mr. CHAFFE. Yes.

Senator MCLEAN. And set them to get the crop that season?

Mr. CHAFFE. No, sir. We begin the preparation of our land in September. We go over the land and thoroughly plow it with a four-mule team or a tractor. We break them deep and pulverize and lay them off and plant the cane, beginning to plant, usually, in the first week of October, but not later than the 10th of November. We put about 5 inches of soil on that land and leave that there. By the 10th of May you can not tell whether the cane was planted in the fall or in the spring.

In the spring, when the time comes to cultivate that crop, the first operation is that of throwing the dirt away from the center. They take the surplus earth off the side so as to have the early sun warm it up and make it sprout. Then you cultivate it in that way until your cane comes up to what we call "coming to a stand." Then you apply your fertilizer to it and bring the earth back to the crop. It is one continuous round of cultivation until the month of May. By the 4th of July we try to get it laid by. Between the 10th of May and the 4th of July it usually gets from three to four cultivations. The average cane crop gets seven cultivations after it has been planted. It is about as intensive cultivation as can be imagined.

Senator MCCUMBER. I take it that weeds flourish.

Mr. CHAFFE. They do, sir. We must keep those weeds down by constant cultivation. We do that. That reduces the amount of

manual labor that has to be done in hoeing the field and cleaning in that way.

In conclusion, we think that if the Government thought that from 1864 to 1890 that 3½ cents per pound was little enough to impose to provide the protection for that industry in the United States that nothing less than that should be the measure of protection given to us now.

Senator McCumber. Are you satisfied with the protection that is given in the House bill?

Mr. Chaffe. Of $1.60?

Senator McCumber. Yes, sir.

Mr. Chaffe. No, sir.

Senator McCumber. What is it that you wish?

Mr. Chaffe. I think we should have 2½ cents a pound.

Senator McCumber. Against Cuba, 2½ cents?

Mr. Chaffe. Yes, sir. If you are going to consider what our necessities are, Senator McCumber, I do not see how you can give us less than 2 cents a pound. I can not see how we are going to get on—that is, against Cuba. Whatever rate you name against anybody else does not mean anything except under such extraordinary conditions as existed in 1920. People are not going to send sugars here when they must sell them at a disadvantage of 20 per cent which the Cuban production enjoys. The only conditions that would bring that about would be that they might find a ship for America when it was impossible for it to go anywhere else.

Senator McCumber. Is there anything further?

Mr. Chaffe. No, sir.

Senator McCumber. The committee is very much obliged to you.

(The documents referred to are as follows:)

St. Claire, La., *December 15, 1921.*

Mr. Joe B. Chaffe,
Care of American Cane Growers' Association,
Union Trust Building, Washington, D. C.

Dear Mr. Chaffe: Knowing that you left for Washington rather hurriedly to appear before the Tariff Committee, and that possibly you were unable to secure all the data on cane cost that you desired to take with you, I take pleasure in giving you the following, as I know you will be glad to receive same:

The costs on our Choctaw property for this year are as follows:

	Per ton.
Planting, cultivating, and other expenses to the beginning of grinding......	$3.00
Harvesting expenses, including cutting, hauling, and delivery to railroad...	.75
Overhead expenses..........	.75
Total cost to produce..........	4.50

Against this we will receive on an average, selling to factory, $3.85 per ton. You will note this will show a loss of 65 cents per ton.

The cost on our Evan Hall property for this year are as follows, based on a production of 11,000 tons:

	Per ton.
Our cost has been $42,329, which equals for planting, cultivating, and other expenses to the beginning of grinding..........	$3.84
Harvesting expenses, including cutting, hauling, and delivery to railroad...	1.00
Overhead expenses..........	1.00
Total cost to produce..........	5.84

Against this we will receive on an average, selling to factory, $3.85 per ton. You will note this will show a loss of $1.99 per ton.

The costs on our Belle Alliance property for this year are as follows, based on a production of 13,700 tons:

	Per ton.
Our cost has been $73,000, which equals for planting, cultivating, and other expenses to the beginning of grinding	$5.3[illegible]
Harvesting expenses, including cutting, hauling, and delivery to railroad	1.0[illegible]
Overhead expenses	1.0[illegible]
Total cost to produce	7.3[illegible]

Against this we will receive on an average, selling to factory, $3.85 per ton. You will note this will show a loss of $3.48 per ton.

The costs on our Cedar Grove property for this year are as follows, based on a production of 12,000 tons:

	Per ton.
Our cost has been $30,232, which equals for planting, cultivating, and other expenses to the beginning of grinding	$2.[illegible]
Harvesting expenses, including cutting, hauling, and delivery to railroad	1.0[illegible]
Overhead expenses	1.[illegible]
Total cost to produce	4.[illegible]

Against this we will receive on an average, selling to factory, $3.85 per ton. You will note this will show a loss of $0.82 per ton.

We trust that these figures will prove of value to you and show the facts of actual conditions in the sugar industry.

Yours, very truly,

CEDAR GROVE SUGAR CO.,
By CHAS. E. THIBODAUX,
Secretary Treasurer.

FRANKLIN, LA., *December 19, 19[illegible]*

JOHN M. ROGERS,
Care American Cane Growers' Association,
810 Union Trust Building, Washington, D. C.

Answering Le Bourgeois wire, our cost sterling organization based on complete figures growing and delivering to factory present cane crop $5.60 per ton of cane. Cost of manufacturing and average freight and loading charges, not including overhead, $2.41 per ton. Overhead expenses, $1.10. Yields equivalent 170 pounds granulated. Selling now $4.60 net plantation, equivalent to $7.82 per ton. Estimated by-products, 40 cents. Net loss 89 cents per ton. Mailed special-delivery statement to-day.

STERLING SUGARS (INC.),
By C. D. KEW, *General Manager.*

Comparative statement of agricultural operations for the year 1920 showing ope[illegible] cost of producing and harvesting a ton of cane exclusive of overhead expenses.

	Plantation No.—			
	1	2	3	4
Cane sent to factory (tons)	1,837	3,982	6,407	[illegible]
EARNINGS.				
Cane sent to factory	$6.00	$6.00	$6.00	[illegible]
Corn and hay crops	.45	.42	.57	[illegible]
Total earnings	6.45	6.42	6.57	[illegible]
EXPENSES.				
Maintenance and repairs:				
Roads and bridges	.07	.08	.08	[illegible]
Ditches and ditch banks	.81	.66	.66	[illegible]
Repairs of buildings	.32	.84	.34	[illegible]
Implements and gear	.36	.76	.46	[illegible]
Total	1.56	2.34	1.54	[illegible]

Comparative statement of agricultural operations for the year 1920 showing operating cost of producing and harvesting a ton of cane exclusive of overhead expenses—Con.

	Plantation No.—			
	1	2	3	4
EXPENSES—continued.				
Planting and cultivating cane crops:				
Fall planting	$0.71	$0.73	$0.74	$1.26
Spring planting				.04
Plows and cultivators (plant cane)	.22	.37	.23	.29
Hoes and shovels (plant cane)	.57	.82	.41	.96
Plows and cultivators (stubble)	.16	.16	.14	.27
Hoes and shovels (stubble)	.28	.19	.11	.31
Fertilizer	1.52	1.34	1.73	2.95
Tractor (operation, repairs, and one-third cost)	.26	.75	.19	.77
Drainage machine			.72	.14
Total	3.72	4.36	4.27	6.89
Harvesting cane crop:				
Cane cutting	1.69	1.52	1.69	2.07
Cane loading	.01	.17	.04	.07
Cane hauling	.26	.01	.37	.25
Cane transfer	.09	.22	.10	.30
Total	2.05	1.92	2.30	2.69
Corn and hay crops:				
Planting and cultivating	.53	.51	.51	1.11
Fertilizer	.90	1.08	1.15	2.05
Harvesting	.22	.26	.22	.38
Total	1.65	1.85	1.88	3.54
General expenses:				
Feed	1.63	1.07	1.90	3.29
Stable expenses	.33	.38	.26	.43
Overseer's salary	.45	.33	.33	.46
Odds and yards	.29	.20	.27	.32
Total	2.70	1.98	2.76	4.50
Total expenses [1]	11.68	12.45	12.65	20.01
Loss per ton	5.23	6.03	5.98	13.33
Acres under cultivation	935	703	1,035	833
Average earnings per acre	$44.69	$36.40	$41.29	$21.28
Average expense per acre	81.00	73.42	78.32	63.73
Average loss per acre	36.31	37.02	37.03	42.45

[1] Average for group, $14.28.

STATEMENT OF JOHN M. ROGERS, REPRESENTING THE LOUISIANA CANE GROWERS' ASSOCIATION.

Mr. ROGERS. Mr. Chairman and gentlemen, before going into the details that I want to put before you I want to controvert a statement or two made by some gentlemen who appeared here on yesterday.

During the war period my friend John M. Parker, now governor of the State of Louisiana, who was food administrator, called me from my home in the country to New Orleans to assist him in that work. He placed in my hands the distribution of the Louisiana sugar to the citizens of Louisiana and the merchants, under the rule of the Food Administration.

There happened to come to my desk one day a gentleman with a request for a certificate for 100 pounds of sugar. I said to him, "Are you a citizen of Louisiana?" He said, "No." I said, "Are you in

business in Louisiana?" He said, "No." I said, "What do you want with that sugar?" He said, "I have a trainload of Chinamen in bond bound for Cuba. They are squealing like pigs for something to eat, and I thought some sugar might quiet them." I said, "We have just made a request of the War Department to permit us to have soldiers from Camp Beauregard who are willing to volunteer to go into our cane fields and there be paid the high wage now prevailing and be under the command of their officers, in the hope that we can save our crop. The laborers from our fields are in the camp or are at the front defending America in this war. I want to say to you, sir, that if your Chinamen continue to squeal like pigs, or if they starve, they will not get any sugar." That is to controvert the statement made by the gentleman who said that the immigration laws of Cuba must conform to those of the United States.

I talked in 1919, when we were in serious straits for labor, with a then member who was well up in authority in the Department of Labor in Washington. That gentleman told me that he was convinced from the data that he had, or information that he had, that there were about 40,000 Chinese in Cuba; that they were coming into Cuba at the rate of 8,000 annually; that those Chinamen were practically brought there under contract. We know that there are trainloads of Chinamen passing every year, even this year, through our cane fields in Louisiana on the Southern Pacific Railway on their way from San Francisco for embarkation to Cuba.

Not long since a newspaper carried reports that a ship was wrecked on the coast of Florida, and following that they found 16 Chinamen in the woods. They came over on their own initiative to get into the United States.

Senator CALDER. They might have been in the crew.

Mr. ROGERS. They were not in the crew, so the paper stated. It was not a Chinese vessel.

This Department of Labor man said that the Chinaman was willing to go through the necessary two years of Cuban hardship in order that he might become a resident of the United States in that way, in his opinion. So much for the practice. There were 250 or 300 Chinamen in that bunch in New Orleans. I was so much interested that I took occasion to look at them.

Senator MCCUMBER. Has there been any scarcity of labor in Cuba?

Mr. ROGERS. I could not tell. I do not think anybody will deny that Cuba brings from Jamaica and various other lands every year laborers for her crops.

A young man in Louisiana, who has charge of one of the Cuban properties, told me that the best laborers they have are Spaniards who are brought over here and returned. They are not citizens of Cuba. He said they are the best laborers they have. A lot of them are stranded in Cuba this year. He said that Cuba has neither the number nor the quality of labor for the harvesting of the crop, and that they do bring them from the islands around about, and a large number from Spain. That was what I was told.

I wish to controvert another statement made here, and that is the statement that the investment of capital in Louisiana production was $35,000,000 and of the beet industry, I believe, $150,000,000. The gentleman took the census of manufactures in 1914, which I have before me. It shows for Louisiana $32,998,000 and for the beet

sugar $142,000,000. But, gentlemen, that applies to factories only and takes into consideration none of the lands, none of the investments in any other things that go to make up the sugar crop.

As Mr. Chaffe told you, our investments, six hundred thousand and odd acres of land in addition to the factories and all the other items, are equivalent to $125,000,000; the Hawaiian investment, I am convinced from investigations I have made, is about $175,000,000; the Porto Rican about $150,000,000; and when you count eight hundred thousand and odd acres of land in cultivation at its value, which the farmer owns but not the beet companies, that that will run close to $600,000,000.

So I am convinced myself that the investment of capital employed in the production of sugar in America and its insular possessions is at least $1,050,000,000.

The Cubans in their original propaganda issued in Washington, I believe it was, started out with only $600,000,000 investment, and that has grown in this short time to a billion dollars. So, if they continue their investments at that rate it will not be very long until their investments in Cuban sugar production will exceed that of the rest of the world.

I want to bring this to your attention, that if an American citizen anywhere had money to invest, and all other things being equal, it is reasonable to suppose that he would invest it in America. Therefore, the reasonable conclusion is that Americans who invested their billion dollars in Cuba for the production of sugar in Cuba invested that money there because they believed that it would make them more money than if they invested it in sugar production in America. Therefore, there has never been a time when an American who had the thought of sugar production and who had a billion dollars was satisfied that we had a sufficient tariff to protect the American industry against the Cuban industry. Hence, those gentlemen put their money where they thought—and facts prove that they were correct—that with a tariff such as would always hamper American production, or, rather, put it the other way, encourage Cuban production, then they would put it in Cuba, where it would pay them the greatest returns.

For the sake of brevity, and to make things simple, I want just to refer to the Cuban rate, and when I use figures, it will be that—and I do not want and will not use abnormal year costs and figures, for the reason that we have had at no time during the war period or up to the moment a time when normal conditions prevailed. Therefore, of necessity, we must go back to what is called the prewar period, or the normal period. For the comparison of costs, I am only going to use Government sources.

The War Industries Board Bulletin 13, Prices of Sugar and Related Products, on page 5, says prewar cost in cents per pound at factory was for Cuba 1.45, Louisiana 3.98.

In the hearings before the Ways and Means Committee, January 18, 1921, Philip G. Wright, of the United States Tariff Commission, testified that the average prewar costs in cents per pound were: For Cuba, 1.70; for Louisiana, 4.480. He afterwards reduced that, as I will show you, to a raw basis. And by reference to Tariff Information Series 16, page 32, and Miscellaneous Series 53 by the De-

partment of Commerce, it is clear that the figures used by Dr. Wright were for sugar delivered in the United States, exclusive of duty.

Miscellaneous Series No. 53, published by the Department of Commerce, says that the average cost of production in cents per pound, f. o. b. factory, Louisiana, was 3.973, and for Cuba, 1.445; delivered in the United States, Louisiana, 3.975; Cuba, 1.719, exclusive of duty.

The Times, of Cuba, published there, and which I have been reading, and it has not been disputed, says in the June, 1921, issue that Cuba has made sugar profitably in former years as low as 1½ cents a pound.

Analyzing these several independent sources—three of them official United States Government, the other Cuban and written in Cuba's interest—we find that to equalize costs we must have the following tariff rates as against Cuba:

War Industries Board: Louisiana cost, 3.98; Cuban, 1.45; the difference to equalize cost, which would be the measure of the tariff 2.53.

The Department of Commerce, Miscellaneous Series 53: Louisiana factory cost, 3.973; Cuban cost, 1.445; the tariff required would be 2.528.

The Tariff Commission, by Dr. Wright: The Louisiana cost of 4.480 and the Cuban cost of 1.70 would be a difference of 2.78, but from that deducts 0.379 cents to bring the Louisiana general line of sugars to a raw basis, and makes the difference 2.401.

The Times, of Cuba: Cuban cost, 1.50, and they say we should have a profit of 1 cent, would be 2½ cents selling.

War Industries Board: Louisiana cost 3.98, a profit of 1 cent would make 4.98, and from that you deduct the Cuban price at which they are willing to sell of 2½, which would leave 2.48 as the tariff required to give Louisiana an equalized tariff. So that on these authorities and from these sources we say to you we should have 2½ cents in Louisiana against Cuba to equalize our costs.

We say, shall it be Cuba and America, or shall it be Cuba alone?

The tariff on sugar as finally fixed in the bill now before you will determine whether it shall be Cuba and America or Cuba alone. A tariff equalizing the cost of production in America and Cuba means continuation of sugar production in continental America at least at the present annual rate of a million tons or more, about one-fourth the amount necessary to supply the American market; it means another million tons produced under the American flag in Porto Rico and Hawaii, the total production on American soil in round figures of 2,000,000 tons, enough to supply half the demand.

It means domestic competition with the foreign production and the refiner of that foreign production. It means cheap sugar to the American consumer because of that competition.

It means, gentlemen, the control and the distribution of sugar will be in many competing hands instead of a practical monopoly controlled by a small number of closely organized seaboard refiners.

The census of manufactures for 1914 shows there were then in operation 241 establishments engaged in the production of Louisiana cane and American beet sugar. There were 18 refiners engaged in refining exclusively. The establishments in the United States now engaged in cane and beet sugar production are distributed in Lou-

iana, through the Middle Western and Far Western States, all in ctive competition with each other. Of the now 20 refiners of raw ugar, according to the 1919 census of raw sugar—that is, imported ugar—the two in California refined Hawaiian sugar, and, of course, an be eliminated.

Senator McLEAN. How does your cost compare with the cost in he Hawaiian Islands?

Mr. ROGERS. Our cost compares with the cost in the Hawaiian slands?

Senator McLEAN. If you are coming to that later, I will not nterrupt you.

Mr. ROGERS. I was not going to deal with the cost of anything but ouisiana, since the Hawaiian representatives are here.

Senator McLEAN. No; but your sugar is in competition with them, nd I was wondering——

Mr. ROGERS (interposing). Ours does not come in competition with Hawaiian other than on the Pacific coast.

Senator McLEAN. Yes; but if they did not produce sugar in the Hawaiian Islands you would furnish the Pacific coast.

Mr. ROGERS. I think the beet would; yes.

Senator McLEAN. Or beets?

Mr. ROGERS. Of course, the Hawaiian cost is less than ours.

Senator McLEAN. If you stopped producing it, we might have to go to the Pacific coast to get some of our sugar. I was wondering what the difference in cost of production was, in a general way.

Mr. ROGERS. I have not that in my brief, and I would have to refer you to the Hawaiians for that.

The establishments in the United States who are now engaged in cane and beet production are distributed as I said.

Of the now 20 refineries of raw sugar, 2 in California are refiners of Hawaiian sugar, the other 18 are on the Gulf and Atlantic seaboard, and chiefly engaged in refining Cuban raw sugars. They do refine Porto Rican sugars also, of course.

A schedule of refining capacity prepared by the refiners' committee for the Federal Food Administration in 1918 shows for the two refiners of Hawaiian sugar on the Pacific coast a capacity of 10.494 per cent, leaving 89.506 per cent of the capacity engaged in refining imported raw sugars, mainly Cuban sugars, on the Atlantic seaboard, and confined to 18 refiners.

The combined refined capacity of these 20 refineries is generally conceded to be 50 per cent in excess of the American requirements. The American Sugar Refining Co., in both its 1919 and 1920 annual reports, says: "For many years there has been an excess refining capacity in the United States sufficient easily to meet all domestic requirements, and to refine at least a million tons for export."

Of the 100 per cent refining capacity, as shown in an exhibit I have here, No. 4, seven of the eastern seaboard refiners, with a combined refining capacity of 68.324 per cent of the whole, through ownership or by control, control either directly or through their directors or officers a very large Cuban production.

Eliminating the two Pacific coast refiners, they being refiners chiefly of duty-free sugar from insular possessions, of the remaining 18 refineries having 89.506 per cent of the total refining capacity, seven of these refiners controlling Cuban production represent 76.33

per cent of those engaged in refining Cuban sugars. In the production of of the 1921 Cuban crop there were in operation 192 centrals having a combined production of 27,442,218 bags. The ownership of centrals and production in bags of the national ownership was: American-owned centrals, 69; production, 2,055,590 tons. That is more than the normal prewar production of Cuban sugar and enough Cuban sugar to supply the deficiency between the domestic production and the Cuban; that is to say, that if the properties affiliated with the refineries on the seaboard were the only ones producing sugar in Cuba, then, in that event, they would produce enough to supply our Cuban demand. Now, the Cuban so-called, produced 1,177,138 against their more than 2,000,000.

The Spanish ownership was 440,837 tons; the British was 80,720; the Cuban-American was 82,897 tons—that is to say, the Cuban-American such as are called Cuban-American; the French was 29,802 tons; the Cuban-Spanish was 24,351; and the small amounts for the British-American and Cuban-Italian.

The nationality ownership, measured by that production, showed 52.62 per cent American.

The figures are taken, gentlemen, by going to Poor & Moody's Manual of Industries and finding the American refiners and their stockholders and directors, then taking each of these individual Cuban companies and finding the same, or some of the same, directors and stockholders; the directors, officers, and stockholders of those Cuban companies; and I am limited to that.

Therefore, my statement that only 52 per cent is Cuban as against the statement of the gentlemen who represented those interests here of 60 per cent. I can easily accept theirs, because I was limited to actual facts that any one of you can get for himself.

The Cuban production, so-called, was only 30.152 per cent, etc.

Furthermore, the best equipped and the highest producing factories in Cuba are the American-owned factories. The American factories average 208,538 bags per factory; the Cuban factories only half that, or 104,355 bags; the Spanish, 114,291; and all others an average of 90,610 bags.

Senator McLEAN. Has the price of land suitable for growing cane in Cuba increased in the last 5 or 10 years?

Mr. ROGERS. I could not answer that for Cuba. I can say this, however, that each one of these American companies that is listed in Poor & Moody's Manual, almost without an exception, recites the fact that they have a great many acres of cane land not yet in cultivation for sugar. Their potential production is fully equal to the total production of Cuba to-day.

Of the 89 American-owned centrals in Cuba, 51 are American refinery products. Either by ownership, lease, or control, these 51 centrals produced 11,716,928 bags, being 81.43 per cent of the total American ownership of Cuban production, or 42.69 per cent of the entire production of Cuba. In addition to this there should be added the ownership by Hires, Hershey, and Loft, American soft-drink and candy manufacturers, and four centrals producing, in 1921, 470,841 bags additional.

This data, as I said, was secured chiefly from Poor & Moody's Manual of Industries, and is restricted to those listed therein. If full facts were available, we believe most, if not all, of the remaining

merican-owned centrals could be shown as connected with the sea-oard refineries. We think it reasonable to assert the further belief hat a large number of the centrals whose ownership is given as Cuban ome in the direct sphere of influence of the refiners, either by stock oldings, by being financed, by transportation control through owner-hip of railroads, docks, etc. A large portion of this centralized con-rol has been perfected within the past six years, much of it within hree years, and the process is continuing. Indications are that aajority control of Cuban production is now, or soon will be, in the ands of the refiners on the eastern seaboard, who will then name the rice of Cuban raw sugar, the price to be paid the native Cuban for is production.

With such a large control of Cuban raw sugar production with qual control of American refining, unless continental production nd refining competition is maintained by a tariff that equalizes he American and Cuban production costs, not only will the American roducer be forced out of business, but the native Cuban as well. t is a well-known fact that the only competitor of the seaboard efiner or the producer of Cuban sugar is the sugar grown under the American flag. Cuba has no other competitors for the American market. The 20 per cent tariff preferential accorded Cuba is ample n amount to shut out the only other country in the world that can approach Cuba in production cost, that is Java. In addition to the tariff preferential, in the American market Cuba has other certain economic advantages over Java. Java is 75 days away from New York and Cuba is 7 days. Java's freight rate is, of course, very much higher and her production cost, from best available figures, is certainly not lower than Cuba. So she starts out on an equal basis there.

I would say that with no preferential——

Senator McCUMBER (interposing). Mr. Rogers, I will ask you that where you have figures and tables, if you can not present them, because it is difficult for members of the committee to ask any one to condense what they have in mind—I know how difficult it is myself; but I do want you to realize that there are a great many others coming on, and what you can put in without going into detail we wish you would do it so we can get through.

Mr. ROGERS. I will do that. I shall not refer to these tables.

With no preferential tariff whatsoever, Cuba would hold the American market against all foreign countries. Putting sugar on the free list would not make any difference to Cuba so far as competition in the American markets as against foreign countries. The preferential tariff of 20 per cent gave Cuba an added advantage of 25 cents per hundred pounds in the Underwood bill. In the present emergency tariff of 2 cents general tariff, Cuba with a preferential of 20 per cent has an advantage of 40 cents per hundred pounds. This is her profit. In addition her competitors have to add their higher freight differential to this. With a general tariff of 2.50 cents, Cuba would then enjoy, under the 20 per cent differential, 50 cents per hundred pounds. With a tariff of 3½ cents, the Cuban would be 2½, an advantage of 62½ cents. Her preferential freight and tariff profit would enable her to deliver to American refineries at an insurmountable advantage over any foreign sugars. Cuba needs no preferential to give her the American market. Cuba does not want a greater

preferential than the 20 per cent. She plainly states her only desire as being a tariff rate not exceeding 1 cent. For what purpose does she want this?

Cuba's sole competitor in the American market is the producer of sugar under the American flag. The seaboard refiners' sole competition is still more narrowly restricted to the beet production of the Central and Western States and the cane sugar of Louisiana, and she says in her propaganda issued August 15 a tariff such as asked for is to simply tax the American consumer to stimulate the refining industry; in other words, the American public would be paying a higher price for sugar in order to stimulate the beet-sugar industry in this country, which would eventually control sugar prices in the United States. And they do not want any protection or need any protection against anything except that produced on American soil and under the American flag.

This continental production being from field to finished product is within itself widely distributed as to ownership, as shown by Exhibit No. 3, therefore highly competitive, whereas the Cuban production, being more than 60 per cent American-owned, and that ownership restricted to 69 corporations, practically, if not actually, all a part of or closely allied with the refiners on the Atlantic seaboard, places the control of the Cuban production and price in monopolistic hands. The sole and only reason why the Cuban supply from the cane in the field to the refined sugar for American consumption, is not wholly controlled in volume and price by the seaboard refiners is the producer of beet and cane sugar under the flag of the United States of America. These producers do not expect or desire to supplant the normal Cuban raw-sugar production nor its sale to or refining by the seaboard refiners. We expect under any conditions, any tariff named, to continue to have the competition of Cuban sugar and the seaboard refiner. We only desire fair and equitable protection. Let it be Cuba and America.

A low tariff on Cuban sugar would completely destroy the continental producer. A short, sharp campaign of controlled shipments and prices would soon destroy any native Cuban who dared offer to oppose this giant monopoly by the independent production and sale of sugar. There would simply be no one to buy his sugar. His lands and factories would pass into the hands of the same interests that controlled the American sugar supply. The native Cubans' only alternative would be that of nothing more than a wage earner for the American owner. The American consumer would pay for his sugar whatever price the combination of refiners saw fit to fix after destroying all competition. It would make no difference to the refiner whether his profit be named in the price of Cuban raw sugar or that of the refined article. Being all this, he could fix either to suit, the result to him being the same profit in either case. To the American public it would mean a noncompetitive market, and inevitably higher price. A tariff insufficient to continue and encourage American production would cost the American public more money in a short period of time than all the revenue ever collected under a tariff that would equalize costs. A tariff-equalized cost would mean a continuation and extension of American production, and profitable returns to cheap producers. The American producer only asks fair and equitable consideration. Let it be America and Cuba

An insufficient tariff on sugar simply means to turn over to Cuba the entire source of sugar supply for the American market. In doing this there would be the equivalent of confiscation of the large capital invested in the 89 factories producing beet sugar and the 189 factories producing Louisiana cane sugar, and a complete change of crops and business methods now employed in sugar production in America. Sugar producers of Louisiana have been trained for generations in this highly specialized line of agriculture and manufacture. The great majority of them could not readily readjust themselves to other lines. Even were it rearranged only the fields now given to the production of sugar, it would simply mean the bringing into competition with the already overcrowded and over production of rice, corn, wheat, beans, and live stock in the United States. Would this be a good economic practice?

Cuba claims that there is invested in lands, factories, and equipment to produce sugar on the island more than $1,000,000,000 of American capital. The investment under the American flag—a conservative estimate—shows: For beet sugar, $600,000,000; for Louisiana cane, $125,000,000; for Hawaii, $175,000,000; for Porto Rico, $150,000,000, or a total of $1,050,000,000.

Capital that employs American labor at a fair wage, pays its proper share for the support of the American Government and institutions, National, State, and county; invest its money on American production and American soil, ships over American railways, buys American produce and manufactures, invests in American enterprise and deposits in American banks. The seaboard refiner renders a minimum of service, employment of labor, and in distribution of capital.

No one takes seriously Cuba's undignified taunt that she increased her output at the request of the Allies. She used her enormous war profits to increase her output for the sole definite purpose of dominating the American sugar market, destroying by the might of the power of her enormous production at so much lower cost than the American producer could, that she thought she saw certain destruction of the American producer, particularly the beet producer of the West. She showed by her act that she intended to ultimately supply all America's requirements and much of the balance of the world. American production remained normal. Not so Cuba.

I want to call your attention to this fact hurriedly, that Cuba has purposely and definitely—and when I say "Cuba" I refer particularly to American capital invested in Cuba—gone forward in the increase of her production, knowing that normally there could not be more than a consumption of 2,000,000 tons, and to show what they did on that, in spite of the fact that we maintained in America practically without material change our same amount of production, knowing the same thing, and we did not try to supplant Cuban beets, or Louisiana, or anybody else, and yet they have definitely tried to supplant us.

The American crop in 1913, as compared to the Cuban crops, 1917–18, increased 14 per cent; but the Cuban crop in the same period increased 42 per cent. But if you take the crops of 1912–13 and compare—that is, American to that of 1920, our increased production was 4.8 per cent—I mean the total American, both Hawaiian and Porto Rico included. Whereas if you take the Cuban

production of 1912-13 and compare it with 1920, it is 53 per cent. You take the Cuban crop of 1921 and compare it with the period o 1911-12, you will find that they had increased 105 per cent. When the total American production increased 16 per cent.

So that we, recognizing the fact that we had a market for on half the production endeavored and did produce that half. Cub produced that half and twice as much more. I will not go over th fact of extravagance and bad judgment in the holding of Cuba sugars by them, because that has been gone into.

I want to call your attention briefly to what the American re finer means to America, leaving out the fact that his money is i Cuba. The 241 establishments taking the census of 1914 listed a raw cane and beet sugar producers, separating Continental suga production from the raw products, beet and cane; we take cane. \ per cent, mature and turn out 12 per cent of that of sugar, a pr duct that is finished, and we pay all the expense for doing tha The American refiner turns out to you 4 per cent of service in takin in 96 Cuban sugar and making it into sugar. On every item i 1914 census, they took those represented by the volume of suga handled by establishments by producing a sugar direct from ca and beets grown in Continental America exceed like items of th refiners of foreign sugars.

This question was asked awhile ago, that probably will fit int that: Of the 3,560,147 tons of sugar going through refineries- that is, the American cane grower and the seaboard—2,463.3 tons came from Cuba and 936,376 from our insular possession 11,732 tons of full duty sugar while handling less than one-thi the volume of sugar as is expressed by the refined figures, the Amer can cane and beet sugar factories paid for salaries, wages, and lab $831,152 more than the refiners; they paid $27,975 more taxe they added to the value of the raw product $1,569,564 more tha the refiners. In addition to this, the entire $57,357,579 paid f raw material was paid out in America to Americans for cane an beets produced on American soil. The total paid out for America production, labor, and taxes, was $69,605,641. The refiners pai out for American production, labor, and taxes during the sam period, $11,288,935. Our refiners added 50 per cent to the valu of raw material, and the refiners less than 10 per cent.

Therefore, I say to you, gentlemen, that this fight I can best liken for illustration, to this condition: That if the "Big Five" me packers, so called, owned in the Argentine enough land to supply a the beef needed in America, and in addition to that enough more lan to double that, that they were not yet using, and they took that be and put it into such condition that when they brought it to Americ they only had to take 4 per cent of waste material from it, knowin as we do that they can produce that beef down there at least $10 head cheaper than we could here, then the American farmer and be grower would be just as the American sugar grower is to-day.

The same thing would hold true if the eastern woolen mills owne Australian lands and sheep—you could carry that on through th Argentine in wheat. That is our condition to-day, and there is no any use in masking this thing, gentlemen. This is strictly an wholly a fight on the part of the American investor in the America refineries and in the Cuban raw product, who believed that he coul

vest his money in a foreign country and that a foreign country uld get more returns from the capital invested than he could if he vested it in America. There is no thought on the part of the most the men who are making this fight of any sympathy for or protecon to the native Cuban, and there is certainly none to the native nerican, and we say to you that also interests directly the conmer, because if that were created because of such insufficient riff levied against Cuba as would put out of business the American nsumption, then in that event these American owners owning th the raw sugars in Cuba, which are not amenable to the laws of nerica, and the refineries on the seaboard, the price to the American nsumer would be higher than it will ever be under any tariff that u may fix.

I am confident that a vote for a tariff that will equalize the cost American production will be not only a protection to the American gar industry but will be a direct protection to every consumer of gar in America.

The claim that the passage of the emergency tariff act caused i immediate decline of 60 cents per hundred pounds does not hold ith the statement made later in their presentation that the increase tariff "would have to be paid by the ultimate consumer." The ss set forth in the figures is a purely hypothetical one. If she was lling at a certain price, any price will do, and the market declined) cents per hundred pounds, then her loss on a given number of ags amounted to so many dollars. Cuba's loss, if any, is the ifference between the cost of production and the price the sugar lls for. Their statement is a hypothetical one and not "actual ss." The market could and did decline only because Cuba in her reed produced sugar far in excess of the normal and then held her rerproduction for a fictitious price wholly unwarranted as based n cost to produce, and through her act causing large volumes of ll-duty sugars to come into the United States, supplying the emand, creating an added surplus, and by her act causing the merican producer, who was content to and did produce a normal rop and sold his crop at a reasonable price based on the cost to roduce; Cuba carried down with her the American producer of the ext succeeding crop.

Cuba's profits on the sugar actually sold reveals a return to them r the three years that is almost staggering. In addition to the cknowledgment that Cuba can produce sugar cheaper than any ther country might have been added the geographical advantage nd the existing preferential allowed Cuba for the American market. rom separate sources, all practically in agreement, treated from ifferent viewpoints yet all giving practically the same result, we ubmit that 1 cent tariff is not sufficient to equalize costs for Louiiana. It should be not less than 2.50 cents against Cuba. In the uban presentation the careful disregard to prewar costs is truly ngenuous. Normal economic, commercial, and productive periods re the only ones that disclose true facts. Since 1913 no such ormal conditions have prevailed; therefore comparison to be just ust be placed in the prewar period.

Cuba boasts that "since the conclusion of the reciprocity treaty f December 11, 1902, was signed there has been no change in the uban tariff.'' She tells only half the story. The reciprocity treaty

itself contains the following clause: "*Provided*, That while said con-vention is in force no sugar imported from the Republic of Cuba and being the product of the soil or industry of the Republic of Cuba shall be admitted into the United States at a reduction of duty greater than 20 per centum of the rates of duty thereon as provided by the tariff act of the United States, approved July 24, 1897." The act of July 24, 1897, referred to provided a duty of ninety-five one-hundredths of a cent for sugar testing not above 75° by the polariscope, with thirty-five one-hundredths of a cent for each additional degree, which is equivalent to 1.685 cents per pound 96° sugar. A preferential of 20 per cent gives Cuba a tariff on this of 1.34 cents. Cuba accepted this provis andwas signatory thereto. Yet we find this agreement violated by th United States in the passage of the Underwood tariff, reducing th general tariff to 1.25 cents per pound, 95° basis, with the 20 per cen preferential to Cuba, making the tariff rate against Cuba 1 cent pe pound. No; Cuba has never favored America with any reductio in her tariff, yet she accepted this gratuity to her chief produc sugar. She boasts of never having reciprocated this. No; Cub knew when she signed the treaty and knows now that the higher th general tariff, the greater her protection to the American marke Cuba knows she has full possession of the American market for th normal, proper crop of sugar. So far as the citizenship of Cuba i concerned, there need be no fear as to the disposal at a fair pri of their sugar production. It is not the volume of the America tariff that has placed Cuba in her present position. It is not th volume of any American tariff that ever will be fixed that endange the citizenship of Cuba or the production of sugar in Cuba by he citizens. It is the American capital invested in Cuban productio the major portion of that capital and its Cuban investment bein owned, controlled or directed by the same men and corporatio that own, control and direct the American seaboard refineries. Th protest is made in Cuba's name. "The voice is the voice of Jaco but the hands are the hands of Esau." Another birthright is fo sale. The native Cuban citizen is to be the Esau. Who is th "Cuban producer"? From sources quoted we find the followi statistical data:

Of the 14,389,128 bags produced by American capital, 11,716,9 bags, or 42.69 per cent of the total Cuban crop, was produced b dividuals or corporations, owners, directors, and stockholders erican seaboard refineries. This explains with clearness the pecu r arguments advanced and the final admissions in the memorandu submitted by the Cuban commission. The direct charge that th only competitor that Cuba has or fears to have is the producer sugar in the continental United States and her insular possessio In her further attack on the producer of sugar under the Americ flag, she entirely removes the mask and plainly eliminates the can sugar production. While making a general inclusion of Louisian Porto Rico, and Hawaii, she openly directs her attack on, and co comparison to, beet sugar. Here again the hand of the seaboa refiner is shown. All the sugar produced in Porto Rico and Hawa is refined in American refineries. A part of the Louisiana sugar sold as raw sugar to the refineries. These same refineries that ow or control directly practically 50 per cent of the entire Cuban pr duction, it is altogether conceivable that a large portion of that wi

which their names are not officially connected is likewise under the domination of the refiners. The beet sugar produced in the United States is refined by the American beet factories. Their production amounts to nearly 1,000,000 tons annually, almost one-fourth of the total American consumption, coming in direct competition with the seaboard refiners. Given the tariff asked for in Cuba memorandum, the combined seaboard refiners of the United States would bring about the following results:

First. They would increase their Cuban holdings; take the birthright of the native Cuban; eliminate entirely any Cuban sugar producer who dared refuse their terms.

Second. With their present power made complete by the lowered tariff, adding thereto the excess power of ownership or control of all Cuban production, the sugar producer in insular America would be at the absolute mercy of these seaboard refiners. Prices paid the insular producer would be whatever the seaboard refiner named. He would produce or cease production at the will of the seaboard refiner.

Third. The Louisiana producer would be forced to discontinue the production of competing grades of sugar, then summarily crushed out as unworthy to exist; his sugar mills a total loss, just as truly confiscated as by a war of armed conquest.

Fourth. The combined refiners would then turn their attention to the destruction of the beet producer. Refined sugar for a short period of not exceeding two years, would be sold at the lowest price the world has ever known. Beet fields would be turned to the production of beans, wheat, and other cereals, adding to the already disastrous overproduction of these farm crops.

Fifth. This conquest completed, the seaboard refiners, owning or controlling the entire Cuban production, owning outright the exclusive refining power of the United States, the price of refined sugar would begin to rise, and in two or three more years the American sugar consumer would be paying the highest price ever paid for sugar in normal times. The Cuban production would be increased to that amount just at or below the amount the American consumer would absorb and refiners export.

Sixth. There would be no competition from Java or anywhere else in the world. The seaboard refiners having control of the raw Cuban production and the American refining, no other capital would have the temerity to risk their money in investments to compete with such a combination. Owners of the cane fields and the beet fields of America would not dare again planting their acres to sugar-producing crops, however alluring the price being then received for sugar appeared.

Seventh. During this time America would be losing $50,000,000 to $125,000,000 according to volume of tariff, per annum revenue at the customhouse, all of which, after the period of destruction which carried down the American production, elapsed, every dollar would go to the refiners, the American public paying more in the advanced price than any tariff conceivable.

Eighth. This process completed, this combination of Cuban-producing, American-refining, both controlled, the next step, and that sure to come, would be the appearing of this interest before Congress asking the entire removal of all duty on Cuban sugar. The interests

owning both the production and refining could easily transfer thei profits to the raw sugar in Cuba, always showing narrow margins o refining profits. To avoid American laws, they might even appea in fierce competition, eliminating any showing of profits from refinin if need be. Not so the price of raw sugar in Cuba. Our laws coul not reach them there. No further hint of revolution in Cuba, n veiled suggestion of annexation, no other move that would mak them amenable to the laws of the United States.

This is no idle dream, but a logical conclusion, forecasting exactl what will happen if the plea made in Cuba's name be granted. Fo the sake of the American consuming public, for the saving fron practical bondage of the rank and file of the native Cuban, the lo colono or small farmer, the laborer, to save Cuba from herself, fo the sake of the producer of American cane and beet sugar, to trea fairly the American producer, this Congress in its wisdom will declin this request of the Cuban commission and instead thereof fix a fai and just tariff on all outside sugar that will equalize the cost o producing American-grown sugar with that of any other countr anywhere. Thus will this great industry on American soil continue competition in the sugar market be assured, fair prices maintaine to the consumer, and the most equitable and just revenue paid t the support of the American Government by any commodity imported.

(Exhibits submitted by Mr. Rogers are as follows:)

EXHIBIT NO. 2.

Production of sugar in the United States, 1910–11 to 1919–20.

[In tons of 2,000 pounds.]

Campaign year.	Beet sugar (refined).	Louisiana.[1]	Other Southern States.[2]	Campaign year.	Beet sugar (refined).	Louisiana.[1]	Other Southern States.[2]
	Tons.	*Tons.*	*Tons.*		*Tons.*	*Tons.*	*Tons.*
1910–11	510,172	328,356	12,320	1915–16	874,220	137,500	[illegible]
1911–12	599,500	352,874	8,000	1916–17	826,657	303,900	[illegible]
1912–13	692,556	153,573	9,000	1917–18	765,207	243,600	[illegible]
1913–14	733,401	292,697	7,800	1918–19	760,950	283,450	[illegible]
1914–15	722,054	242,700	3,920	1919–20	726,451	115,500	[illegible]

[1] Louisiana production for 1910–11 from A. Bouchereau's Annual, 1911–1917. Subsequent years fr Department of Agriculture Year Book.

[2] Includes Texas only.

Production of sugar in Porto Rico and Hawaii, 1910–11 to 1919–20.

[In tons of 2,000 pounds.]

Campaign year.	Porto Rico.	Hawaii.	Campaign year.	Porto Rico.	Hawaii.
	Tons.	*Tons.*		*Tons.*	*Tons.*
1910–11	342,340	566,821	1915–16	483,590	[illegible]
1911–12	371,076	595,258	1916–17	503,081	[illegible]
1912–13	398,004	546,798	1917–18	453,796	[illegible]
1913–14	351,666	617,038	1918–19	406,002	[illegible]
1914–15	346,490	646,445	1919–20	485,071	[illegible]

SUMMARY.

	Tons.
et sugar	7,205,168
uisiana	2,434,240
her Southern States	55,025
Total United States	9,695,433
rto Rico	4,141,116
waii	5,947,185
Total Porto Rico and Hawaii	10,088,301
Grand total	19,783,734

Exhibit No. 3.

[Census Bureau's summary concerning the industry, 1919.]

MANUFACTURE OF CANE SUGAR.

In 1919, 189 establishments were located in Louisiana, 6 in South Carolina, 3 in orida, 2 in Georgia, and 1 each in Mississippi and Texas.

Comparative summary of statistics for the cane-sugar industry, 1919 and 1914.

	Number of establishments.		Production.	
	1919	1914	1919	1914
al for the industry	[1] 202	181	$57,741,320	$21,635,373
gar:				
Pounds			450,955,838	529,601,993
Value			$46,659,085	$18,947,683
Refined—				
Pounds			71,627,346	107,187,416
Value			$9,547,378	$4,228,860
Clarified—				
Pounds			258,293,878	182,149,649
Value			$26,563,156	$6,742,266
Raw—				
Pounds			113,154,404	229,646,354
Value			$9,898,958	$7,615,147
Brown—				
Pounds			7,880,210	10,618,574
Value			$649,593	$361,410
lasses:				
Gallons			20,058,248	20,675,260
Value			$4,868,740	$2,021,517
rup:				
Gallons			6,739,978	2,420,633
Value			$4,189,199	$609,696
other products (value)			$2,024,296	$56,477

[1] Only the 189 establishments in Louisiana actually made sugar.

MANUFACTURE OF BEET SUGAR.

In 1919 there were 16 establishments each in Michigan and Utah, 14 in Colorado, in California, 8 in Idaho, 5 in Ohio, 4 each in Nebraska and Wisconsin, and 1 each Illinois, Indiana, Iowa, Kansas, Minnesota, Montana, Washington, and Wyoming.

Comparative summary of statistics for the beet-sugar industry, 1919 and 1914.

	1919	1914
Number of establishments	[1] 85	[illegible]
Total value of products	$149,155,892	$62,605,[illegible]
Sugar:		
Pounds	1,426,891,315	1,496,947,[illegible]
Value	$138,099,693	$58,590,[illegible]
Granulated—		
Pounds	1,421,914,425	1,478,466,[illegible]
Value	$137,852,387	$58,331,[illegible]
Raw—		
Pounds	4,976,890	8,[illegible]
Value	$247,306	$259,[illegible]
Molasses:		
Gallons	18,841,429	26,461,[illegible]
Value	$2,364,563	$1,536,[illegible]
Pulp:		
Tons	2,082,531	([2])
Value	$5,798,412	$2,09[illegible]
Dried—		
Tons	976,501	([2])
Value	$4,829,568	$1,510,[illegible]
Moist—		
Tons	1,106,030	([2])
Value	$968,844	$5[illegible]
All other products (value)	$2,893,224	$3[illegible]

[1] Department of Agriculture and American Sugar Producers' Association Report 89.
[2] Not reported in 1914.

MANUFACTURE OF REFINED SUGAR.

In 1919, 5 establishments were located in New York, 4 in Pennsylvania, 3 in Loui[siana], 2 each in California, Massachusetts, and New Jersey, and 1 each in Texas an[d] Georgia.

Comparative summary of statistics for the refined-sugar industry, 1919 and 1914.

	Number of establishments.		Production.	
	1919	1914	1919	1914
Total for the industry	20	18	$730,986,706	$289,395,[illegible]
Refined sugar:				
Pounds			7,042,905,337	6,666,268,[illegible]
Value			$718,567,395	$285,495,[illegible]
Molasses:				
Gallons			5,916,668	
Value			$678,771	
Sirup:				
Gallons			38,144,320	[1] 35,902,[illegible]
Value			$14,637,830	[1] $3,264,[illegible]
All other products (value)			$2,102,710	$613,[illegible]

[1] Not reported separately in 1914.

Exhibit No. 4.

sis of proportionate distribution as fixed on Nov. 4, 1918, at a meeting of the American refiners' committee of the United States Food Administration.

	Per cent.
nerican Sugar Refining Co	38.001
buckle Bros	6.613
lifornia & Hawaiian Sugar Refining Co	6.945
lonial Sugars Co	2.185
deral Sugar Refining Co	8.645
illiam Henderson	1.220
perial Sugar Refining Co	1.122
e W. J. McCahan Sugar Refining Co	2.489
tional Sugar Refining Co	11.940
nnsylvania Sugar Co	4.537
vere Sugar Refining Co	2.985
vannah Sugar Refining Corporation	2.149
arner Sugar Refining Co	6.187
estern Sugar Refining Co	3.549
e Leon Godchaux Co. (Ltd.)	1.433

Exhibit No. 5.

AMERICAN REFINERS' INTERESTS IN CUBA.

The Colonial Sugars Co. and National Sugar Refining Co., through their officers, essrs. J. H. Post and T. A. Howell, are interested in the following Cuban properties:

Central.	Company.	1921 production, bags.
iquero	New Niquero Sugar Co	175,261
abel	Guantanamo Sugar Co	63,644
os Canos	....do	91,454
iedad	....do	98,823
alma	Palma Sugar Co. (West India Finance Corporation).	123,097
upey	West India Sugar Finance Corporation.	146,688
anamo	Atlantic Fruit Co. (West India Finance Corporation).	264,663
aguaro	Cuban-American Sugar Co	250,408
nestancia	....do	156,857
edad	....do	88,939
ercedita	....do	117,526
hicas	....do	768,378
n Manuel	....do	(1)
hepara	....do	420,127
Production, 14 centrals		[2] 2,765,865

[1] Not given. [2] Plus San Manuel.

Edwin Atkins, head of Atkins & Co., formerly an officer and director of the American gar Refining Co. According to reports he has sold out his interests in that company, at is still engaged in refining sugar. During the past season this refining has been ne at the refinery of the Pennsylvania Sugar Refining Co. in Philadelphia. Owns nterests in the following centrals and companies.

Central.	Company.	1921 production, bags.
aracas	Cia Az. Caracas	179,919
oledad	Cia Az. Soledad (Atkins)	114,920
n. Agustin	Atkins & Co	165,760
Vanda	Punta Alegre Sugar Co	260,417
Punta Alegre	....do	329,576
Trinidad	....do	84,946
Production, 6 centrals		1,135,538

The McCahan Sugar Refining Co., through its president and vice president, Mess[illegible] M. E. and B. B. Rionda, are interested in the following Cuban properties:

Central.	Company.	1921 productio[illegible] bag[illegible]
Manati	Manati Sugar Co	[illegible]
La Julia	Cuba Cane Sugar Corporation	[illegible]
Alava	do	[illegible]
Conchita	do	[illegible]
Feliz	do	[illegible]
Mercedes	do	[illegible]
Santa Gertrudis	do	[illegible]
Socorro	do	[illegible]
Soledad	do	[illegible]
Lequitio	do	[illegible]
Maria Victoria	do	[illegible]
Perseverancia	do	144,[illegible]
Jagueyal	do	[illegible]
Lugareno	do	[illegible]
Moren	do	[illegible]
Stewart	do	[illegible]
Violeta	do	[illegible]
Tuinicu	Tuinicu Sugar Co	[illegible]
Washington	Washington Industrial Sugar Co.	[illegible]
Francisco	Francisco Sugar Co	[illegible]
Production, 20 centrals		5,[illegible]

The Warner Sugar Refining Co., through its president, Mr. C. M. Warner, [illegible] interests in the following:

Central.	Company.	1921 pro[illegible] duction[illegible] bags
Jatibonica	Compania Cubana	[illegible]
Jobabo	do	[illegible]
Miranda	Miranda Sugar Co	[illegible]
Palmarito	do	[illegible]
Amistad	Cia As. A. Gomez Mena	[illegible]
Gomez Mena	do	[illegible]
Production 6 centrals		[illegible]

The Revere Sugar Refining Co., through the United Fruit Co., is interested in [illegible] following Cuban properties:

Central.	Company.	192[illegible] pro[illegible] duction[illegible] bags
Boston	United Fruit Co	[illegible]
Preston	do	[illegible]
Saetia Sugar Co	do	[illegible]
Production, 3 centrals		1 [illegible]

1 Not given.

The American Sugar Refining Co. owns the following properties in Cuba:

Central.	Company.	192[illegible] du[illegible] bags
Cunagua	American Sugar Refining Co.	[illegible]
Jaronu	do	1

1 Grinds in 1922.

RECAPITULATION.

Refiners.	Centrals.	1921 production, bags.
lonial Sugars Co. / tional Sugar Refining Co. } Post Howell	14	2,765,086
hns & Co.	6	1,135,538
Cuban Sugar Refining Co. (Rionda)	20	5,152,778
irner Sugar Refining Co.	6	1,228,504
vere Sugar Refining Co. (United Fruit)	3	1,070,986
aerican Sugar Refining Co.	2	471,880
Total	51	11,825,551

Exhibit No. 6.

stination of the cane sugar (all classes) exported from Java, including Madura (general exports).

[From Statistiek van den Handel en de In- en Uitvoerrechten in Nederland-Indie.]

Destination.	1910	1911	1912	1913
itish India, including Ceylon, Calcutta, Bombay and Karachi	*Short tons.* 590,505	*Short tons.* 596,690	*Short tons.* 631,369	*Short tons.* 781,590
ngkong	260,771	198,998	208,289	291,365
rt Said	165,687	424,584	151,800	....
pan	134,189	71,979	222,105	316,915
stralia and New Zealand	26,117	6,615	99,681	36,299
ngapore	62,019	63,903	111,568	104,465
therlands	23,030	13,576	6,395	162
ypt	14,989	20,732	13,456	....
merica	81,352	88,529	63,370	6,602
ina	29,904	18,739	42,033	70,041
l other countries	63,071	80,683	60,140	14,458
Total	1,451,634	1,585,028	1,615,206	1,621,897

Exhibit No. 7.

Destination of the sugar exported from Cuba, fiscal years ending June 30.

[From Estadistica General, Comercio Exterior.]

Kinds and countries of destination.	1910–11	1911–12	1912–13	1913–14	1914–15
w (crude):	*Short tons.*	*Short tons.*	*Short tons.*	*Short tons.*	*Short tons.*
United States	1,653,757	1,642,705	2,203,584	2,460,330	2,346,988
Spain	2	2	15	3	....
United Kingdom	2,040	103,917	202,457	303,480	285,830
All other countries	20	26,672	42,160	72,564	16,773
Total	1,655,819	1,773,296	2,448,216	2,836,377	2,649,591
fined:					
United States	5,823	10,287	19,496	....	....
All other countries	....	....	....	....	....
Total	5,823	10,287	19,496	....	....

Exhibit No. 7–A.

RELATIVE PRODUCTION OF AMERICAN-OWNED FACTORIES.

The table that follows gives the number of American and other factories in active eration in 1914, 1915, and 1916, and for each group the tons of sugar produced, the erage production per factory, the number of factories producing from 50,000 to 0,000 tons of sugar each year, and the per cent American factories were of the total.

The growth of American ownership of Cuban sugar factories.

[Compiled from Cuban statistics.]

Items.	1914	1915	1916
American factories....number..	38	59	[illegible]
All other factories....do....	138	129	[illegible]
Total....do....	176	188	[illegible]
Sugar production:			
American factories....tons..	1,059,924	1,412,843	[illegible]
All other factories....do....	1,848,231	1,478,354	[illegible]
Total....do....	2,908,155	2,891,197	[illegible]
Average production per factory:			
American....tons..	27,893	23,946	[illegible]
All other....do....	13,590	11,460	[illegible]
Per cent American factories of total factories....	21.590	31.38	[illegible]
Per cent American production of total production....	36.45	48.87	[illegible]
Factories producing 50,000 to 100,000 tons:			
American factories....number..	6	8	[illegible]
Sugar production....tons..	458,675	480,863	[illegible]
Average production per factory....do....	76,449	60,108	[illegible]
Other factories....number..	2	....	[illegible]
Sugar production....tons..	104,102	....	[illegible]
Average production per factory....do....	52,051	....	[illegible]
Partly American-owned factories....number..	5	5	[illegible]
American and partly American-owned factories....	43	64	[illegible]
Per cent American and partly American factories of total....	24.43	34.04	[illegible]

The table shows that in 1913–14 36.45 per cent of the total tonnage of sugar w produced in American factories; in 1914–15 American production increased to 4 per cent and in 1915–16 to 49.31 per cent of the total.

The average tonnage of American factories was 27,893 tons in 1913–14, 23,946 to in 1914–15, and 20,060 tons in 1915–16, as compared with 13,590 tons in 1913–1 11,460 tons in 1914–15, and 13,824 tons in 1915–16 in all other factories.

Of the factories producing from 50,000 to 100,000 tons of sugar there were 6 Amer factories in 1914 producing 458,675 tons, or 76,449 tons per factory; 8 American fa tories in 1915 producing 480,863 tons, or 60,108 tons per factory; 9 American factor in 1916 producing 605,594 tons, or 67,288 tons per factory, as compared with 2 fact of other ownership in 1914 producing 104,102 tons, or 52,051 tons per factory, an 1 factory of other ownership in 1916 producing 56,800 tons of sugar.

Exhibit No. 8.

Number and production of American and other factories and per cent of product by American factories, crop of 1914–15.

[From Cuban statistics.]

Provinces.	Active factories. American.	Active factories. All other.	Tons of sugar produced. American factories.	Tons of sugar produced. All other factories.	Per cent produced by American factories.
Pinar del Rio....	2	5	22,221	30,905	[illegible]
Habana....	6	13	69,409	241,466	[illegible]
Matanzas....	14	27	304,503	370,086	[illegible]
Santa Clara....	14	56	282,041	629,617	[illegible]
Camaguey....	6	8	233,349	54,935	[illegible]
Oriente....	17	20	501,330	151,272	[illegible]
Total....	59	129	1,412,843	1,478,354	[illegible]
Part American....	5	....	71,784	....	
Total....	64	....	1,484,627	1,478,354	[illegible]

·l production by seven factories in Pinar del Rio · two American factories there, that 22.33 per cent i5.14 per cent in Matanzas, 30.94 per cent in Santa , and 76.82 per cent in Oriente was by American ı factories were 31.38 per cent of the total factories of all the sugar. If the 5 partly owned American ›roduction was 51.35 per cent, or more than half of

R FACTORIES CLASSIFIED BY CAPACITY.

for the crop of 1913-14 American and other factory ιion groups, from those with an output of less than from 82,000 to 100,000 tons of sugar. It gives the ᵗonnage of each group from the smallest to the largest per factory.

EXHIBIT No. 8-A.

Imerican and other factories, classified by amount of l output produced by each group, crop of 1913-14.

[From Cuban statistics.]

n.	All other.		Average per factory.		Total.	
ugar duced.	Factories.	Sugar produced.	American.	All other.	Factories.	Sugar produced.
....	2	1,402	....	701	2	1,402
....	3	3,570	....	1,190	3	3,570
2,187	8	19,836	2,187	2,480	9	22,023
3,964	7	27,380	3,964	3,911	8	31,344
11,305	9	49,211	5,653	5,468	11	60,516
31,760	37	285,800	7,940	7,724	41	317,560
99,432	26	309,526	12,429	11,905	34	408,958
14,502	18	304,590	14,502	16,922	19	319,092
208,510	13	301,918	23,168	23,224	22	510,428
91,355	11	349,453	30,452	31,768	14	440,808
189,284	3	141,477	47,321	47,159	7	330,761
230,142	1	54,068	76,714	54,068	4	284,210
177,483	....	....	88,742	....	2	177,483
059,924	138	1,848,231	27,893	13,393	176	2,908,155

were no American factories producing less than 1,500 5 factories of other ownership producing less than 1,500 t 17 American factories producing less than 20,000 tons of other ownership producing from 700 to 20,000 tons l American factories produced from 20,000 to 100,000 ·96,774 tons, while 28 factories of other ownership in 00 produced a total of 846,916 tons. In all groups the ·ory was 27,893 tons as compared with 13,393 tons for

·otal of 2,908,155 tons of sugar were produced. Forty ··d in 127 factories and 60 per cent in 49 factories. As tion of the larger factories, it may be pointed out that ··d in 149 factories, the remaining 42.41 per cent, or 27 factories.

Exhibit No. 8-B.

Number of persons engaged, capital invested, expenditures, and production in the su industry in the United States, as reported by the Census of Manufacturers, 1914.

[Miscellaneous Series 53, "The Cane Sugar Industry."]

Items.	Cane sugar.		Beet sug
	Raw.	Refining.	
Number of establishments	181	18	[illegible]
Persons engaged	4,544	12,561	[illegible]
Proprietors and firm members	172	8	[illegible]
Salaried employees	740	1,300	[illegible]
Wage earners (average number)	3,632	11,253	[illegible]
Primary horsepower	113,246	49,666	[illegible]
Capital	$32,996,524	$140,499,819	[illegible]
Salaries and wages	$2,052,521	$10,325,597	[illegible]
Salaries	$491,145	$2,502,220	[illegible]
Wages	$1,561,376	$7,823,377	[illegible]
Paid for contract work	$11,988	$20,270	[illegible]
Rent and taxes (incluuding internal revenue)	$263,820	$943,068	[illegible]
Cost of materials	$15,958,218	[1] $264,085,358	[illegible]
Value of products	$21,635,373	$289,398,715	[illegible]
Value added by manufacture (value of products less cost of materials)	$5,677,155	$25,313,357	[illegible]
Sugar:			
Tons (2,000 pounds)	264,801	3,333,134	[illegible]
Value	$18,947,683	$285,495,974	[illegible]

[1] Of this amount $247,086,355 was for 3,560,479 tons of raw sugar; all other cost $16,999,003.

Combined continental sugar manufactured and refined.

	Cane and beet.	Refin
Establishments engaged in sugar production	241	[illegible]
Persons engaged	14,178	[illegible]
Proprietors and firm members	173	[illegible]
Salaried employees	2,376	[illegible]
Wage earners (average number)	11,629	[illegible]
Primary horsepower	189,961	[illegible]
Capital	$175,177,850	[illegible]
Salaries and wages	$10,917,374	[illegible]
Salaries	$2,749,794	[illegible]
Wages	$8,167,580	[illegible]
Paid for contract work	$259,645	[illegible]
Rent and taxes (including internal revenue)	$1,071,043	[illegible]
Cost of materials	$57,357,579	[1] [illegible]
Value of products	$84,240,583	[illegible]
Value added by manufacture (value of the products less cost of material)	$26,883,004	[illegible]
Sugar (tons of 2,000 pounds)	1,008,274	[illegible]
Value	$77,538,159	[illegible]

[1] Same as notation in preceding table.

The 241 establishments listed as raw-cane and beet-sugar producers represent [illegible] tinental American sugar production from the raw products, beet and cane. Th[e] refiners represent chiefly the imports of foreign raw sugars.

On every item except those represented by the volume of sugar handled the [esta]lishments producing sugar direct from cane and beets grown in continental Am[erica] exceed the like items of the refiners of foreign sugars. Of the 3,560,147 tons of [sugar] going through refineries in 1914, 2,463,303 tons was from Cuba, 936,376 tons duty [free] from insular possessions, 11,732 tons full duty sugars (carry over from prior dat[e prob]ably accounts for small balance). While handling less than one-third the [total] of sugar as expressed by the refined figures, the American cane and beet sugar fact[ories] paid for salaries, wages, and labor $831,152 more than the refiners; paid $27,[illegible] taxes; added to the value of raw material $1,569,647 more than the refiners [In] addition to this, the entire $57,357,579 paid for raw material was paid out in Ame[rica] to Americans for cane and beets produced on American soil. Total paid out [for] American production, labor, and taxes, $69,605,641. Refiners paid out for Americ[an]

production, labor, and taxes during the same period $11,288,935, at the same time paying out for foreign sugar alone $247,086,355. Even in service performed in factory operation alone the cane and beet producers added $26,883,004 value, or nearly 50 per cent, to the American raw material; this for only one-fourth the total American consumption of that material. The refiners, with more than three times the volume, only added $25,315,357, or about 10 per cent, clearly demonstrating the small service performed, the foreign producers receiving the lion's share of money paid out.

If no other reason was advanced for a tariff on sugar equalizing the cost of production in America against these foreign sugars, they should pay revenue sufficient to properly compensate the American Government for the market demand it furnishes. In lieu of the small service performed, the minimum of capital distributed to American labor and in support of the Government, this foreign sugar should pay an entrance fee for the privilege enjoyed to in a degree approach the American who performs the same kind of service and has to compete with the foreign article. An increase in the tariff against Cuban sugar should be levied this amount, regardless of any effect on American sugar production.

EXHIBIT No. 9.

Imports of Cuban sugar to America.

June 30, 1918, to June 30, 1919:	
Pounds	5,488,711,032
Value	$290,732,477
The average price per pound	$0.05297
Average cost (Wright)	$0.04104
Profit per pound	$0.01193
Crop sold for	$290,732,477
Crop cost	$225,216,700
Profit (over 29 per cent)	$65,515,777
June 30, 1919, to June 30, 1920:	
Pounds	6,905,709,612
Value	$596,275,578
Average price per pound	$0.08635
Average cost price per pound (Wright)	$0.04104
Profit (110.4 per cent)	$0.04531
Crop sold for	$596,275,578
Crop cost	$283,410,322
Profit (110.4 per cent)	$312,865,256
June 30, 1920, to June 30, 1921:	
Pounds	4,925,630,505
Value	$378,209,386
Average price per pound	$0.07678
Average cost per pound (Wright)	$0.04104
Profit	$0.03574
Crop sold for	$378,209,386
Crop cost	$202,147,875
Profit (87 per cent)	$176,061,511

[Statistical Abstract, 1920, p. 809.]

	Cents per pound.
Average value Cuban sugar, 1913	2.19
War Industries Board, cost	1.45
Profit	.74
Average value Cuban sugar, 1912	.0281
Average cost Cuban sugar, 1912	.0145
Profit	.0136
Average value Cuban sugar, 1914	.0201
Average cost Cuban sugar, 1914	.0145
Profit	.0056
Average value Cuban sugar, 1915	.0321
Average cost Cuban sugar 1915 (Wright)	.0170
Profit	.0151

Recapitulation fiscal years ending June 30.

Year.	Pounds.	Selling price.	Cost.	Profit.
1919	5,488,711,032	$290,732,477	$225,216,700	$65,515,777
1920	6,905,709,612	596,275,578	283,410,322	312,865,256
1921	4,925,630,505	378,209,386	202,147,875	176,061,511
Total	17,320,051,149	1,265,217,441	710,774,897	554,442,544

EXHIBIT No. 10.

Exports of sugar-mill machinery to Cuba.

[Monthly Summary of Foreign Commerce of the United States June, 1920, and June, 1921.]

Article.	12 months ending June—			
	1918	1919	1920	1921
Sugar-mill machinery (value)	$11,760,246	$10,132,593	$15,471,518	$29,106,909

Exports of sugar-mill machinery to Cuba for the 6 months ending June, 1921, $7,269,465. (Department of Commerce figures.)

Domestic merchandise exported, quantities and values, by articles, calendar years 1911 to 1920.

[Statistical Abstract of the United States, 1920.]

Articles.	1911	1912	1913	1914	1915
Sugar-mill machinery	$2,766,156	$2,375,929	$2,818,953	$1,814,137	$5,362,971

Articles.	1916	1917	1918	1919	1920
Sugar-mill machinery	$9,058,347	$11,471,779	$9,468,511	$13,805,940	$22,786,977

TATEMENT OF ROBERT E. MILLING, REPRESENTING AMERICAN CANE GROWERS' ASSOCIATION, NEW ORLEANS, LA.

Mr. MILLING. Mr. Chairman and gentlemen of the committee, I rill confine myself on this subject to a very few remarks.

It seems to me that the whole question presented to this committee s simply whether or not the American sugar industry shall continue o exist. We have what appears to be a three-cornered fight here—he producer of sugar in the United States as against the American efiner and the Cuban producer, the Cuban producers and the Ameri-an refiners on the one side and the American producer on the other.

We have been accustomed to these tariff fights since there has been a development of the beet and cane sugar industry in the United States. For many years prior to 1913 there was very little opposition to a sugar tariff by the refiners or importers from any section. In fact, for years the refiners themselves insisted upon a tariff. They not only insisted upon a tariff on raw sugar but they also asked for and secured an additional tariff on refined, and when that additional tariff on refined sugar became unpopular then it was imposed under the guise of imposing full duty on all sugars testing over 16 Dutch standard. The 16 Dutch standard was a considerable bugbear to the Congressmen who were unfamiliar with its purport and especially to the layman. It is simply a color test. In other words, all sugar sufficiently bright in color to go into direct consumption was taxed full duty because it tested in color above 16 Dutch standard. At last there came a man to Washington by the name of Bass, who was very bitterly opposed to the Dutch standard. He appeared before the committees of Congress and perhaps before your committee. You gentlemen may have heard him. He published a magazine called the "Gater," with a picture of an alligator on the cover. The more one read the Gater and Bass's articles on the 16 Dutch standard the more confused he became and the less he knew about it, but he made such a fuss about it until at last Congress repealed it.

Let us consider the 1913 tariff for the purpose of seeing whether or not this tariff as it existed or the permanent tariff as it now exists is a tariff under which the sugar industry can thrive.

One of the gentlemen speaking in the interest of Cuba who preceded me tells you that our industry is prospering with the 1-cent duty, but the fact is, gentlemen, that the Republican Party never gave us the 1-cent duty. We had a 1.685 duty imposed by the Republican Party, and in 1913 the Democratic Party declared that we should have free sugar and gave us the 1-cent duty for three years, in order that we might liquidate and get out of the business. Now, this 1-cent duty was on for three years, and it was well understood that it was only a liquidating duty, that the industry could not thrive with a 1-cent duty. In other words, we were to get out of business, I think, in 1916 in the spring. The war came in 1914, and this Government being in need of the revenues derived from the 1-cent duty then imposed and the Secretary of the Treasury publishing a statement that he thought it advisable to allow the duty to remain in order that the Treasury could receive that additional revenue is the reason why we have the 1-cent duty to-day. In 1914, when the war broke in Europe, up to 1916 the price of sugar increased on account of the stimulated demand. Especially was this the case when war first broke, in August, 1914. Some of our cane producers

who felt a few months before that they were ready for the bankrupt court had a portion of their sugar on hand, being unable to sell it even at the low price, and in a few weeks the price was up to 7 and 8 cents a pound, when it had been lower than 3 cents under the conditions that existed under the liquidating 1-cent duty imposed by the Democratic Party. These planters thus situated recouped considerable, and the industry in Louisiana began to come back to normal.

In 1917 there was an acute demand for sugar in the United States. The Food Administration was organized, and at that time refined sugar was selling on the Atlantic seaboard at from 8 to 8½ cents per pound. The beet-sugar producers patriotically came forward and offered their sugar at 7¼ cents, and the Louisiana producers conformed likewise and sold their direct consumption sugar (yellow clarified) at the same price, while refined sugar on the Atlantic seaboard was selling at 8½ cents a pound.

In 1918 the Food Administration demanded the cost sheets of the sugar producers in the United States, and after determining the cost of production they determined the price at which the crop should be sold. That year they bought the Cuban crop at 4½ cents f. o. b. Cuba. The Food Administration found that the American producers could not produce sugar in the United States at 4½ cents plus the 1-cent duty, and as we were in war they found it absolutely necessary that the industry be not sacrificed. The question arose as to how an additional price could be given the American producers. The question of imposing an additional half cent a pound tariff was discussed, but the administration was opposed to opening up the tariff question, and the whole problem was solved by the United States Sugar Equalization Board adding to the price of the sugar which they bought from Cuba 0.38 cent per pound, which was tantamount to increasing the tariff to that extent, and this spread of 38 cents per hundred between the purchase from the Cuban and sale to the refiner yielded a revenue to the United States of about $30,000,000.

The control by the Food Administration continued. The sugar producers made a small profit in 1917 and 1918, even with the restricted price placed thereon by the Food Administration, but the industry did not thrive. Why not? Why were not new factories built? Why did not the industry go forward as it had in the 15 years prior to 1913? Simply because there was a lack of confidence in such investments. Why, sirs, the beet industry in the United States from the time it was planted by the Republican Party in 1895 or 1896 increased from 40,000 tons in 15 years to over 700,000 tons—over 1,600 per cent. Why this great development? Simply because it was universally believed that sufficient tariff would continue to be imposed as would take care of the industry. Capital was perfectly justified in this belief, because the Republican Party was always willing to impose a tariff solely for the purpose of protecting the industry, and the Democratic Party had always declared that it would impose such a tariff because sugar was an exceptional revenue producer.

But this belief was dissipated in 1913. The Democratic Party assumed control, and its leaders declared that they were determined to put sugar upon the free list, and the result was that beet-sugar stocks went down to where they were almost worthless, and Louisiana

plantations could hardly be given away. The only owner who seemed to be able to farm his properties was the man who had before encumbered them to such an extent that the mortgage creditor was forced to furnish funds with which to operate the property or foreclose his mortgage.

The only thing that saved the industry from ruin during these four years of Mr. Wilson's administration was the breaking out of the Great War. Are you going to follow in the footsteps of that administration—that administration which declared that it proposed to place sugar on the free list with the full knowledge that it would destroy the industry—when the people of the United States have returned you to power and thereby repudiated the action of that administration? We do not think so.

There is no use to split hairs on the proposition. If you are going to give us a tariff at all, give us one large enough to take care of the industry. We do not need 1 cent; 1 cent will only permit us to cripple along with constant failures; 1 cent will put us out of business, gentlemen, under the existing conditions. Cuba can raise sugar for 1¼ cents per pound, and that island will raise it just as cheaply as it can be raised, because they have the soil and climate, they have the sugar houses, and have very little expense in cultivation.

Therefore, we must have a tariff that will give us something over 4 cents a pound for raw sugars in the United States, without which we can not continue in business in Louisiana, and I doubt very seriously that many of the companies engaged in the production of beet sugar will be able to stay in business.

Senator CALDER (interposing). What would that rate be?

Mr. MILLING. We would have to get about 2½ cents against Cuba—something like 3 cents general tariff. We might get along, Senator, on 2 cents a pound against Cuba, with which we could exist; but if you want the industry to grow, if you want real competition between the American producer and the seaboard refiner and the Cuba producer, if you want to stimulate the American producer to the extent that he will make sugar and make lots of it, give him the needed tariff.

Gentlemen, if you will examine the record showing the prices of sugar in the United States, you will find that in 1870 the refiner got about 5 or 6 cents per pound for refining sugar, while to-day we are having it refined in Louisiana at 75 cents per 100 pounds. Do you not see if we had no competition in the United States all the 15 or 20 refineries would have to do would be to get together and say, "We will not refine raw sugar at 75 cents per hundred pounds. Our refining charge will be 2 cents per pound, or 3 cents a pound, or possibly 4 cents per pound." What is going to stop them? I will tell you what will stop them. The best people out in the West saying, "We have our sugar factories. We are going to produce sugar, and we are going to produce it at 4½ to 5½ cents per pound, and we are going to sell it at from 10 to 20 points less than the refiners." That is what brought down the cost of refining from 6 cents a pound to 60 cents a hundred pounds. I have seen refined sugars sell on the New Orleans market, when the refiners were putting out of business the yellow clarified producers, at 60 cents higher than raw sugars, when as above stated, in 1870, it was from 5 to 6 cents per pound higher. This competition has been worth something to the people of the United States. The price of sugar has steadily declined, notwith-

standing the fact that we have had a very good tariff at all times up to 1913, especially when the Republicans were in power.

Then, why the necessity of all this propaganda about reducing the tariff in order to protect Cuba? Why the necessity of this fright on the part of the Cubans? If you will turn to the records for 1913 and examine the report of the hearings before the Ways and Means Committee, you will find that at that hearing there was also a three-cornered fight. The refiner and the Wholesale Grocers' Association of the United States on the one side and the American producer on the other. Congress made an investigation as to the personnel of the Wholesale Grocers' Association and found that it was none other than the Federal Sugar Refining Co. financing the association and running it through one of its officials, Mr. Lowry, who was toadying as secretary of the association. To-day the fight is the so-called Cuban producer and the refiner.

Who is the Cuban producer? When you ferret it out you will find that the men who stand behind the guns and are making the fight are none other than the seaboard refiners, most of whom own sugar plantations in Cuba. In other words, it simply means that the fight is all the time between the American producer and the refiners; and why? Because the American producer is the only competitor that the refiner has.

Mr. Atkins, who restified before the House Ways and Means Committee on a prior action and also testified at the time I speak of in the hearing of 1913, frankly stated that at the time his company (he then being president of the American Sugar Refining Co.) put $20,000,000 into the beet industry in the West. He advised against it, for he could see at that time that if that industry was built up in the West it would be a competitor that might destroy the seaboard refiners. It has not destroyed the seaboard refiners, but it has had the effect of reducing the cost of refining until such refiners do not make the money that was made in prior years, and this shows how near correct Mr. Atkins was in his prediction that they might have a competitor to the detriment of the seaboard refiners.

I can not feel that Cuba itself—that the heart of Cuba—the people of Cuba who ought to feel grateful to the American people for giving them their liberty, has asked that our domestic industry be destroyed. Are they selfish enough, when we picked them up, gave them their liberty, and enabled them to stand on their feet—gave them the monopoly of the surplus sugar market in the United States by giving them 20 per cent preferential—are they ungrateful enough to now say, "We want it all. We not only want the market for the excess consumption of the United States, but we want the whole market. We want you, the American producer, to get out of the way. We want to eliminate you entirely, and we want to supply the entire domestic sugar market of the United States.".

That is what their proposition means if they can succeed in inducing Congress to place only 1 cent duty upon the importation of Cuban sugar.

Senator SMOOT. There is another thing it means, I think—that if you can destroy the American industry here the American people will pay for sugar prices high enough to build all the factories in the United States each year.

Mr. MILLING. There is no doubt about that. I am perfectly convinced of that. If you will permit the seaboard refiners to fix the

price, they will fix a differential between raws and refined that will make the American consumer pay an additional sum, sufficient, as suggested by Senator Smoot, to build all the refineries in the United States.

I will not detain you gentlemen. The situation as already stated is just simply this, that we need protection to stay in the business, and the American people need us in the business, and we do not feel that the Senators of the United States would be justified in destroying the industry, but we do feel that they should impose such tariff as would take care of the industry—make it thrive as it did from 1898 to 1913.

Think of an industry developing 1,650 per cent from 1898 to 1913, and then, with the abnormal conditions that existed after that time—the war, higher prices—only going ahead 4 or 5 per cent since 1913. Why? Simply because, gentlemen, capital did not have confidence in the industry. They did have confidence in the industry in Cuba. It was there they invested their money. Having these investments, they now propose to the Congress of the United States to destroy the only competitors they have and give them the entire American market.

STATEMENT OF CHARLES DE B. CLAIBORNE, REPRESENTING SOUTHERN AND NATIONAL BANKING INTERESTS, NEW ORLEANS, LA.

Mr. CLAIBORNE. Mr. Chairman, I want to begin by setting your minds at ease on the idea, perhaps, that the South is not voting, in a measure, the way it thinks. You may be astonished to know that in the city of New Orleans Mr. Harding cast a bigger vote than John M. Parker when he won the governorship, and I believe I can say that there is no man in the South that is better thought of than John M. Parker; and yet Mr. Harding, a Republican, got a larger vote than did John M. Parker for governor. So that certainly shows, as the gentleman from Texas says, that we are to be congratulated on what we have done thus far.

I am merely here as a banker to confirm the statement that no matter what the polls show, as a matter of fact, the overwhelming number of banks in the South favor protection; and they favor a duty that will absolutely protect. There is no use of giving us a duty that will barely allow us to live; we would just as soon do away with it entirely.

In the State of North Carolina we circulated a petition and we obtained 414 banks, or 70 per cent of the total number of banks in the State of North Carolina, in favor of protection; and only 11 banks answered that they were against it. You could not hope on any subject to get a larger percentage than 414 to 11; and we are not through yet in that State.

Let us take the State of Mississippi. In that State, where everybody is believed to be against a duty on anything, one of the highest percentages is shown in that State as being in favor of protection by the banks, 81 per cent. In other words, 273 banks thus far have said "yes" and 5 banks said "no." You could not expect to get any better percentage than that. Take South Carolina, where 269 banks, or 61 per cent; Virginia, thus far, 50 per cent; and Louisiana, 80 per cent, and when I left home I had quite a number of cards which I feel sure would have brought that percentage up to 90 per cent.

As a matter of fact, that is to say, in the short time we have been working there we have 254 banks, and I believe soon we will be able to show that 80 per cent and likely 90 per cent of the banks of the South are in favor of a high protective tariff, for the coming year anyhow.

I say "high protective tariff," because in the past, and speaking for my State, in one particular industry that perhaps I know a little more about than the others, we have been accorded a duty on, and that is sugar, which has never been sufficient. There is no use consulting statisticians or experts or anybody else on the subject. You are dealing here with the matter as we bankers deal with it. We call for the man's statement. If a sugar planter comes up to me and says, "I want $200,000 for the year 1922," I do not call for the expert and say, "What do you think you can produce sugar for in 1922?" And let me see what he has been making in the sugar business, and if at the end of that time he has nothing to justify my giving him that money, I turn him down.

You gentlemen can have all the figures you want and you can hear all the experts you desire, yet the fact still remains that the average sugar planter in Louisiana is not in good financial condition. I am satisfied that you will find that same condition in the West; and, therefore, why ask if sugar can be produced at a figure, when at the end of 20 years the figures conclusively show that nobody can make money at that figure?

So, as a banker, we say that if you are going to give us a duty on anything, give us a duty that will allow us to live; give us a duty that we bankers feel that we can talk to this man as a business man and tell him "Go ahead, and we will back you."

I hear people say that 1.60 duty against Cuba is enough on sugar. I do not know whether these fellows have occasion to lend money based on what they say. But I am talking now as a banker who is an officer of the largest sugar bank in the United States—I mean domestic sugar—the Whitney Bank, which perhaps lends more money and does a larger sugar business than any bank in these United States, and I want to tell you honestly and frankly that we are not going to loan any money based on 1.60 duty of sugar against Cuba. In other words, if sugar is going to live in Louisiana, we must have a duty that will maintain that commodity at 4 cents, or that commodity is going out of existence so far as we bankers are concerned.

I can no more lend on sugar than I can on bonds without the necessary margin, and I tell you that the statements of all the planters I have seen—and you can call for those statements, if you have any reason to doubt what I tell you—and they will show that we are not justified in putting out the money.

You can send to the merchants of Louisiana; you can ask the big firms like Baldwin and Esherman, all the hardware and implement people that sell to the sugar people; ask the oil men how they feel about their bill for the next year, and ask them if they are going to sell oil to the sugar planter based on a duty of 1.60. What answer are you going to get? "No."

Therefore, why talk about our ability to get along on that when all the men who deal directly with the industry tell you that they can not get along on that basis.

I merely mention sugar because I could talk more intelligently on that particular commodity. But the same thing applies to all others.

We, as bankers, are not particularly interested in any one thing. We know, however, that we have no hope for success unless sugar, cotton, wheat, corn, and every other commodity is on its feet.

There is no use of being deceived by the figures which you may get from the Federal Reserve Board about all the gold that we have and about the 80 per cent reserve against circulation, and all of that stuff. That only proves what I am saying, that the country to-day is in a bad fix, and if they have got 80 per cent it is because the people now have no need for the money. There never was a time in the history of this country that I have been able to find when your public utilities, your steam railways, your big industrials, your sugar people, your corn people, your wheat people, and other lines of business that you can think of need this assistance as much as they do now.

Personally, I believe that we are going too far with this idea that we are supposed to help out the entire world. I am convinced that it is simply national vanity or some type of egotism that leads us to believe that we, the American people, have been ordained to save the entire world. You have got yourselves to save now, and you can take it from me, you can go all over the South and all over the West; you consult your western Senators and your southern Senators or anybody that you want to and ask them how their financial institutions and their commercial institutions stand. If you expect those assets to remain solvent, if you expect those values to keep up, it is up to you gentlemen to give whatever assistance you can.

But, as I say, that assistance must be given along intelligent lines. This is no time to compromise, no time to equivocate. When a man comes before you here and talks to you gentlemen, do not let him talk about what can be done. Ask him what has been done and make him show you. Do not let any of these theorists and these professors come up here and talk to you. If a man says he believes a certain thing can be done, ask him, "Well, would you put your own money out on that basis?" When a man tells you that he can conduct the sugar business successfully with 1.60 duty, tell him, "Would you buy a sugar plantation operated on that basis?" Or I tell you, gentlemen, I will lend you a plantation fully equipped and I will lend you a sugar house that you could not build for a half million dollars, and 3,000 or 4,000 acres of land, furnish you the mules and the whole works if you will operate it for next year. Do you know of any other business in which men have invested $800,000 or $900,000 that you can have the use of for nothing?

I merely mention to you these facts because I know I have attended meetings and I know people who are in the habit of coming to you gentlemen and theorizing, coming up here with a world of statistics that prove absolutely nothing. All they are talking about is the future; my feet are guided by the past and by nothing else; we do not loan money on what we expect; we are not promoters and have nothing to do with promoters. We lend on what history shows has taken place. If a man tells me he is worth a half million dollars and he wants the loan of $250,000, I say, "Give me a sworn statement and let us see what that half million is made up of"; and if it is made up of cats and dogs, he does not get a cent. He has to show me. All I ask is for you gentlemen to do the same thing.

When anybody tells you what wealth they have in sugar, cotton, cottonseed oil, or anything else, do not let that fellow give you a lot

of dope in figures; ask him if anyone has been able to make mone on that basis and to give you the names of men in that business; an do not pick out one single instance, but take the business as a whol Take the cotton, wool and sheep, cattle and hide business. Look your hide companies and see how they are getting along; look at th cattle business and see how the cattle raisers are getting alon That is what you gentlemen want to see. Do not listen to these fe lows who are going to tell you, "We can make money on so and s if you give us so much protection."

I just thought it was my duty as a banker to assure you of th position we take. As I say, we are not interested, and we do n care—if you want to put the sugar business out of existen Louisiana is willing to pay the penalty. But if we are going to liv then give us what we ask for, because I hope you will do me th justice to believe that I am telling you the facts, and if you wa absolute statements from the individuals, I will get the statement But please do not listen to that dope about what can be done ne year, but take the figures on what was done last year. One is not ing but prophesy and the other is history; and you know you ca depend on one more than the other.

Gentlemen, I thank you for the time I have taken up.

STATEMENT OF HENRY N. PHARR, OLIVIER, LA.

Mr. PHARR. Mr. Chairman and gentlemen of the Finance Com mittee, not knowing until I arrived here this morning that it woul be my privilege to appear before you, I have not prepared a writte brief. I feel, however, that I would like to indorse all Mr. Claibor has said and all of the presentation made a few weeks ago befor this committee by other representatives from the State of Louisian Mr. Chaffe, Mr. Rogers, and Judge Milling.

My earliest recollection is that of moving on a sugar plantati in Louisiana as a boy 7 years of age. My family has been in th sugar business since that time, never lived elsewhere, and are st making sugar in Louisiana. Therefore I am in a position to say th what Mr. Claiborne has just stated to you is absolutely true.

The sugar industry, as all of you know, has unquestionably bee the football of politics, and, therefore, we have not known for a length of time in advance what the future had in store for us so f as a tariff was concerned. I am glad to say, however, that the Louis ana sugar industry has always been outspoken in favor of protect tariffs, not only for the sugar industry for Louisiana but for American industries, and our Senators, with the exception possib of one or two, have stood out boldly for protection to American i dustries from the time of Randall Gibson on down to Ransdell a Broussard. It is absolutely impossible for the industry to prosp without a sufficiently high tariff, but the figure that has been nam of 2½ cents against all sugars except Cuba and 2 cents against Cu will enable us to live and insure us a slight degree of prosperit Without that we do not see how we can secure the necessary capit to continue the industry.

Some one may ask, "Why, then, continue an industry of th kind, one that demands protection higher possibly than the be sugar industry of the West or the cane-sugar industry of our insul possessions?" We answer, not with a spirit of egotism, but wi

pardonable pride, that the sugar industry of the world owes a debt to Louisiana. You go into the Tropics to-day, you enter any large factory, and you will find in nine cases out of ten a Louisiana man at the head of that factory or in charge of the chemical department. We are educating in Louisiana the chemists and the mechanics and the superintendents that are taking charge of the large factories in the Tropics. Consequently, it is to the interests of the sugar consumers of this country, that this good work be not interrupted. Aside, however, from this incidental advantage to the sugar producing world from Louisiana, we claim that the domestic sugar industry is absolutely essential for the protection of the American consumer.

If you destroy the domestic sugar industry you place the American consumer absolutely at the mercy of the refiners. This has been proven in the past. Whenever Louisiana sugar and beet sugar has come upon the market there has always been a drop in price unless something unusual has happened at that particular time to affect the market; but in the ordinary course of affairs that has been true, and the Louisiana sugar industry and the beet-sugar industry of the West are the safety valves of the sugar market. If you destroy these industries—you do not have to help them except by levying a sufficient tariff—you absolutely place the American consumer at the mercy of the refineries. We therefore claim that it is an absolutely demonstrable fact, that can not be controverted, that if you do not furnish Louisiana and the beet people of the West the necessary tariff to enable us to continue to produce sugar for the American people you are doing the American people an injustice, regardless of the injury to us, because you are placing them at the mercy of the American refiners, and past experience proves that they are not very merciful when they get the consumer within their hands.

It is a question, gentlemen, to-day, it seems to me, of whether Cuba or America shall continue as sugar-producing countries; whether you are going to let them both continue or whether you are going to let Cuba furnish all our sugar and destroy the industry in this country.

We believe from every possible standpoint that it is to the interest of the American people that you allow both of these industries to continue. The Cuban industry will continue despite any legislation you may enact. The American-sugar producing sections can not furnish more than half of our necessary consumption; Cuba will furnish the other half. Therefore, they must produce sugar—they can do it cheaper than any other country in the world, and they can find a ready market for at least half of their product in this country. and we know, regardless of the tariff that you impose, the law of supply and demand will necessarily regulate the price sufficiently to enable them to make a profit that will insure their continuance in the business.

Mr. Chas. Claiborne, who represents one of the largest banks in New Orleans, the Whitney Central National Bank, and the bank that lends greatest assistance to the sugar planters of Louisiana, has definitely stated the attitude of the bankers and the resultant conditions if an adequate tariff of 2 cents a pound on sugar against Cuba is not written in the new tariff bill. From past experience, since Mr. Claiborne is my banker, I can testify that funds will not be

forthcoming for the 1922 crop unless this honorable committee recommends adequate protection to sugar. Since, however, the absolute necessity for a 2-cent tariff against Cuba has unquestionably been demonstrated by Mr. Claiborne to-day, and our other representatives a few weeks ago, I am not going to worry you by repeating facts and figures in confirmation of this truth. I simply wish to stress the point that it is now, and will be ultimately, to the interest of the American people to maintain their continental domestic sugar industry. This was unquestionably demonstrated during the World War.

We trust, therefore, that you will bear this in mind and not listen to the pleas of Cuba about the billion dollars of American money that is invested in Cuba as against the billion dollars of American money that is invested in the South and in the West. We want to stress that point with you. The investment is practically the same—a billion dollars of American money in Cuba or a billion dollars of American money invested on American soil on the mainland and in our insular possessions; and we feel that certainly we who have invested our money here in the United States are more in need of and more deserving of that protection than those who have invested their money in a foreign country, even a country that is friendly to America.

Besides being a sugar planter, Mr. Chairman, I am also in that unfortunate list known as the rice planters, and the rice men have asked me to say just a word for their schedule. It seems that in the general tariff bill you have treated them very fairly, with one exception, and that is you have decided to put a certain grade of rice, called paddy rice, on the free list. You have done that on the request of certain men who make canned foods, and I think it has been very conclusively shown you in this brief which has been previously submitted to you, that the advantage accruing to the manufacturer in this case is infinitesimal as compared to the corresponding damage done to the rice farmer who produces this low grade rice. The difference in the cost of the paddy rice that goes into one can of soup either with or without a tariff is so infinitesimally small that it absolutely can not affect the retail price to the consumer, nor materially lessen the manufacturer's profit. On the other hand it makes a very decided difference in the financial results of the farmer whether this particular grade of rice is admitted free of duty or is properly protected by an adequate tariff.

BEET AND CANE SUGAR.

[Paragraph 501.]

STATEMENT OF GRAY SILVER, REPRESENTING THE AMERICA FARM BUREAU FEDERATION.

The proposed tariff law (the Fordney bill) gives to the American producers a p tection of 1.6 cents a pound on his sugar, meaning that imported sugar can not at wholesale much under 4 to 5 cents per pound.

It means, on the other hand, that the consumer pays a tax of 1.6 cents on ev pound of imported sugar purchased, and that the Cuban producer, in order to his sugar in the United States, must accept a price approximately 1.6 cents be that received by the domestic producer. The consumer buying sugar at retail n pays in Washington 6 cents a pound. Of this price, 1.6 cents is tariff duty, constit ing a consumption tax of 26.6 per cent. This is paid willingly in most cases, to prot the American producer, but a tax much higher would be murmured against. A poli which requires millions of farmers and laborers to pay a consumption tax higher th

5 per cent on a necessity such as sugar, in order to enable a comparatively small number of American producers to produce sugar more profitably, will be in danger of repudiation unless it is shown that the higher tariff is absolutely necessary.

Even if the import duty were trebled, some Cuban sugar might come to the United States. The fact must not be lost sight of, however, that the domestic crop of sugar lacks somewhat over 2,000,000 tons annually of supplying the Nation's needs. Under this condition, there is no virtue in a policy which assesses as much duty as the traffic will bear. Middle ground must be held. Both the American producer and the American consumer must be protected. Protecting the producer means to assure him a fair and reasonable price for his products; protecting the consumer means to enable him to obtain the required amount of sugar at a fair price, which, of course, includes encouraging the Cuban producer to continue sending to the United States each year somewhat over 2,000,000 tons of sugar.

A better policy, as regards a sugar tariff, would be to adopt President Harding's proposed elastic tariff, with the Fordney bill provision of $1\frac{16}{100}$ cents per pound on sugar testing not above 75 degrees (amounting to 1.6 cents per pound on Cuban sugar of a 6-degree polariscope test) as a minimum duty. This gives the American producer a protection averaging six-tenths of 1 cent per pound over and above the protection he received prior to the adoption of the emergency tariff in May, 1921. With the Fordney rate as a minimum and with a possible maximum authorized by Congress as an item of an elastic tariff, the President might fix by proclamation the higher rate if at any time it should become evident that American producers are losing ground to the detriment of the country.

A DISCUSSION OF THE TARIFF.

The United States produces about 2,000,000 short tons of sugar per year, including the crops in Hawaii, Porto Rico, and the Philippine Islands. This amount is slightly less than one-half of the annual requirements. Most of the additional supply is cane sugar imported from Cuba.

Under the terms of the reciprocity treaty made between Cuba and the United States in 1903, the former enjoys a reduction of 20 per cent from the regular duty paid by other countries shipping products to the United States.

As practically all of the imported sugar has been coming from Cuba, this discussion is limited to points pertinent to the tariff relation between the United States and Cuba.

A large volume would be required to treat completely the subject of the sugar trade. It seems to be an unwarranted repetition, therefore, in a discussion which must of necessity be brief, to include numerous statistical tables such as appear in the survey prepared by the United States Tariff Commission, the reports of the Federal Trade Commission, and the brief of the American Cane Growers' Association.

For detailed statistics on production, imports, exports, consumption, and prices the reader is referred to those reports, but this treatment includes several summary talks, presenting a résumé of the situation as a whole and pointing out several pertinent features which have not received complete attention elsewhere.

WORLD PRODUCTION.

The total annual world production of cane and beet sugar is about 20,000,000 short tons. From 1912 to 1914, inclusive, each year's product was somewhat above this amount. A large proportion of the world product is beet sugar originating in Europe. In the year 1913–14 the European beet-sugar crop amounted to 8,688,400 short tons, being over 42 per cent of the world crop. Of the European product, Russia, Germany, and Austria-Hungary produced six and one-half million tons, or 75 per cent of the total. No cane sugar is produced in Europe. Naturally, the World War had a deterrent effect upon sugar production in Europe. From the large crops of 1913–14 there was a decline to less than 5,000,000 tons in 1917–18, to three and one-half million tons in 1918–19, and to two and nine-tenths million tons in 1919–20.

World production did not suffer as greatly as did European production, because of support from other countries. From a world total of 20,602,768 short tons in 1913–14, there was a decline to 17,049,407 tons in 1919–20. In other words, the world crop declined only three and one-half million tons, whereas the European crop registered a decline of five and one-half million tons.

It was stated above that European sugar is produced from beets. Most sugar produced in other regions, on the contrary, is cane sugar. The United States is the only nation outside of Europe which produces beet sugar to any appreciable extent, and the year 1920–21 is the only one within the 1911–1921 period when production reached 1,000,000 tons. From 1913 to 1919 the annual product did not vary more than 150,000 tons, the average crop being about 775,000 tons.

It is seen, therefore, that the increased production of 2,000,000 tons in countries other than Europe, making up a goodly part of the five and one-half million ton decline in Europe, was entirely due to stimulation of the cane-sugar industry.

CANE-SUGAR PRODUCTION.

The world crop of cane sugar has been increased steadily from 10,136,092 short tons in 1911-12 to 14,211,835 short tons in 1920-21. About four-fifths of the cane-sugar supply is produced in Cuba, Java, India, and the United States (including Porto Rico, Hawaii, and the Philippines). Referring to the production table accompanying this report (Table No. 1) it is seen that only a very small part of the increase can be credited to Java and the United States. The statistics for Cuba, however, tell a different story. From a crop of 2,142,000 tons in 1911-12, the output was increased to 4,423,519 tons in 1920-21, representing an increase of 2,281,519 tons, or 106 per cent, within 10 years.

It was indicated in the preceding paragraph that the world crop of cane sugar was increased slightly more than 4,000,000 tons within the past 10 years. This increase is represented approximately by augmented production in the following amounts and countries:

	Tons.		Tons.
Cuba	2,281,519	Africa	180,000
India, Japan, and Formosa	740,000	British West Indies	80,000
Java	270,000	Other West Indies	100,000
South America	300,000	United States	80,[illegible]

THE OUTLOOK.

Production of beet sugar in Europe undoubtedly can be restored to the prewar level, adding thereby about 5,000,000 tons to a crop which in 1920-21 was only about 1,000,000 tons below the prewar level. Most of the Indian sugar is consumed locally, and any increase probably will go also into such uses, without affecting the world situation. Cuba apparently can continue her heavy production—probably she can even proceed with her steady increase in production—while several other countries (excepting the United States) can augment their sugar industries.

SUGAR SUPPLY IN THE UNITED STATES.

Production.—It was pointed out above that the beet-sugar crop in the United States has not been materially increased since 1913-14 with the exception of the one big crop in 1920-21. Louisiana is the only State of the Union worth considering in the cane-sugar industry and it is generally conceded that production in Louisiana has reached its maximum. The high prices and patriotic sentiments during the war did not result in any increased production in Hawaii or the Philippines, and had only a slight beneficial effect in Porto Rico, hence it is pretty safe to say that under present methods of production and in view of the present freedom of importation, the domestic product of the United States will not be increased.

Total production of cane sugar in the United States (including Hawaii, Porto Rico, and the Philippine Islands) was only about 80,000 tons greater in 1920-21 than it had been 10 years previously. The average annual production during the past 10 years, in short tons, has been: Louisiana and Texas, 236,451; Hawaii, 597,959; Porto Rico, 430,734; Philippine Islands, 301,776; total, 1,569,317 short tons. This amount of cane sugar, plus the average production of beet sugar, amounting to about 775,000 tons, makes a total sugar production of about 2,344,000 tons yearly.

It should be noted, however, that not all of the sugar produced in Hawaii, Porto Rico, and the Philippines comes to the United States proper. Probably the annual supply of domestic sugar is not much above 2,000,000 short tons.

Imports.—Sugar imported into the United States is practically all made from cane. The importation of cane sugar has ranged from 1,828,279 short tons in 1911-12 to 3,7[illegible],321 tons in 1919-20. Of these amounts of yearly imports, 87 per cent to 99 per cent came from Cuba. The actual amount which entered from Cuba in 1911-12 was 1,593,315 tons, while in 1919-20 it was 3,452,855 tons, representing an increase of approximately 117 per cent.

It should be remembered, however, that the year 1919-20 was not normal in the sugar trade. Prices in the United States were so high that importation was unusually stimulated. In spite of the fact that importation from Cuba during that year was considerably larger than it had ever been before, the Cuban product comprised only [illegible] per cent of the imports, whereas in preceding years, back to 1912-13, the Cuban product had averaged about 95 per cent of the imported supply. In 1920-21, while the total importation of cane sugar was only 296,223 tons, less than in the preceding year, the importation from Cuba declined 990,040 tons, bringing the percentage of the im

rts originating in Cuba for that year down to 71, which was the lowest point within years. It is evident, therefore, that in 1920–21 much larger supplies than usual me from sources other than Cuba. Reference to imporrs (Table No. 3) shows that actically all of the cane sugar imported in 1920–21 paid the regular duty, and as the ular duty from countries other than Cuba is 20 per cent higher than the Cuban ty, it appears that the decline of nearly 1,000,000 tons in imports from Cuba was ade up in imports from countries paying the higher rate.

Under the discussion of world production it was pointed out that the Cuban product creased over 2,000,000 tons annually during and following the World War. The ta on imports show that most of the larger Cuban crop has moved to the United ates. It would appear, therefore, that consumption in the United States must have creased greatly, because it has been shown that the domestic production remained out constant. This, in fact, is what occurred, as it is shown in the following section at shipments abroad did not increase materially.

Exports.—The United States is not a sugar-exporting country, although during the orld War this trade was so increased that in the year ended June 30, 1916, the shipents abroad amounted to 842,940 short tons. From 1910 to 1914, inclusive, the nual exports, with one exception, were less than 50,000 tons, and by 1921 they had clined to 386,718 tons.

Supply and consumption.—It has been shown that the sugar supply is made up of mestic product amounting to nearly 50 per cent of the requirements, while most of e balance as a general rule comes from Cuba. Consumption has ranged from 53,558 short tons in 1911 to 4,574,833 tons in 1920.[1] This increase of nearly 1,000,000 ns in annual consumption, plus the exports which grew abnormally large during e war, will account for the increase of half a million to nearly 2,000,000 tons of imrted Cuban sugar.

TARIFF REGULATIONS—ACT OF 1913.

The tariff act of 1913 fixed the duty on sugar at 0.71 of 1 cent per pound on samples sting not above 75° by the polariscope, and for every additional degree shown by he polariscope test 0.026 of 1 cent per pound additional. Considering 96° as the erage test of Cuban sugar, the duty under this law would have been 1.256 cents per ound. In view of the reciprocity treaty arranged with Cuba nearly 20 years ago, nder the terms of which the duty on Cuban products imported from Cuba are 20 per ent lower than the general tariff duty, the actual duty paid on Cuban sugar under the 913 law was 1 cent per pound.

THE EMERGENCY ACT.

The emergency tariff law increased the duty so that it amounts to 2 cents per pound on 96° sugar, meaning on Cuban sugar (with the reduction of 20 per cent) a duty of 6 cents per pound.

THE FORDNEY BILL.

Under the Fordney bill the rates established by the emergency tariff act are conined without change, the average duty being 2 cents per pound on sugar generally, and 1.6 cents a pound on Cuban sugar.

DESTINATION OF CUBAN SUGAR.

Few people will deny that the United States is the natural and most convenient arket place for Cuban sugar. Nevertheless, considerable amounts of this product ave been shipped to other countries. Reference to Table 4 accompanying this ort shows that in each year from 1916 to 1919, inclusive, Cuba sent somewhat over 000,000 tons of sugar to the United States, and about 1,000,000 tons to other destinans. The United Kingdom took a rapidly increasing proportion of the Cuban oduct, amounting in 1919 to 881,920 tons. If the records for 1920 and 1921 were vailable, undoubtedly this tendency to ship sugar to countries other than the United tates would appear to be greatly accentuated, because it is a matter of quite common nowledge that in the fall of 1919, when the United States Sugar Equalization Board ucked authority to purchase the Cuban crop at about 6½ cents per pound, other counries took large amounts of the sugar at this (which later proved to be a very low) ice, and subsequently shipped the same sugar to the United States at a tremendous ofit. This partly explains the previous statement that in the year ended June 30, 921 the importation of sugar was up to the high general average, but that imports rom Cuba were nearly 1,000,000 tons lower than in the preceding year.

It is claimed by good authority, on the other hand, and no doubt correctly, that large ocks of the 1920 sugar crop are still in the Cuban warehouses, having been held be-

[1] Data from Willett & Gray.

cause of the low price in the winter of 1920–21 following the heavy shipments to the United States by other countries, and that this surplus sugar now threatens to swamp the United States market and destroy the American producers.

It is a strange indictment of public thought by economic and psychological conditions that during the year ended June 30, 1920, and the beginning of the year following, when consumers of the United States believed there was a scarcity of sugar, and were demonstrating their readiness to pay unheard of prices, the imports of sugar were heavier than they had ever been before. This was when numerous foreign countries where shipping Cuban sugar to the United States.

Early in the fall of 1920 the public awoke to the fact that a great surplus of sugar was on hand. Prices declined rapidly, and much of the large crops produced in Cuba that year remains unsold.

CUBA'S FUTURE SUGAR MARKET.

Concerning the possibility of new markets being found for Cuban sugar, two facts demand attention; first, tariff duties assessed by the importing nations; and, second, the ocean freight rates from Cuba to the country of destination. As Great Britain has been the chief among foreign nations purchasing Cuban sugar, this phase of the study is confined to British conditions.

British sugar tariffs.—Since April 23, 1918, the general tariff assessed upon sugar of 96 degree polorization imported into the United Kingdom has been £1 2s. 4½d. per hundredweight (112 pounds). This amounts to practically $5.44 per English hundredweight, or 4.9 cents per pound if exchange be considered at par. Certainly no other basis should be assumed for computing the value of the pound sterling, because undoubtedly Parliament or the cabinet in framing a tariff law did not contemplate a depreciated standard of value.

Ocean freight rates.—At the present time (December, 1921) the freight rate on sugar from Cuba to the United Kingdom is $5 to $6.50 per long ton, or about 25 cents per 100 pounds. Freights to the United States are 12 cents per 100 pounds to Gulf ports and 13 to 17 cents to New York.

It is seen from these considerations that the British import duty is about 3.3 cents per pound higher than the United States duty and that the ocean freight rate to the United Kingdom is nearly one-eighth of a cent per pound greater than the rate to the United States.

The United States import duty of 1.6 cents per pound is quite low compared with the United Kingdom duty. Even with the present duty trebled, Cuba could ship sugar to the United States more economically than to England.

American consumers, however, would be compelled to pay war-time prices for peace-time sugar, which undoubtedly they would not do for an extended period. There is no assurance, moreover, that England expects to figure extensively in the Cuban sugar trade. It was only during the World War that Europe began to draw heavily upon western sugars, and in times of peace the former trade channels will prevail.

TABLE 1.—*World production of sugar.*

CANE-SUGAR PRODUCTION.[1]

[In short tons.]

Year.	Cuba.	Java.	British West Indies.	India, Japan, and Formosa.[2]	United States.[3]	World
1911–12	2,142,000	1,424,657	128,000	3,014,797	1,532,000	[illegible]
1912–13	2,737,000	1,527,584	126,000	3,041,867	1,453,000	[illegible]
1913–14	2,891,000	1,502,852	103,000	2,851,613	1,665,000	[illegible]
1914–15	2,967,427	1,436,818	79,000	2,933,000	1,660,192	[illegible]
1915–16	3,368,865	1,342,395	201,248	3,403,933	1,603,735	[illegible]
1916–17	3,386,566	1,787,715	218,039	3,587,450	1,603,561	[illegible]
1917–18	3,859,613	1,991,746	201,360	4,153,652	1,583,450	[illegible]
1918–19	4,448,389	1,959,337	221,136	3,119,959	1,824,047	[illegible]
1919–20	4,177,686	1,496,055	213,693	3,732,526	1,421,385	[illegible]
1920–21	4,423,519	1,696,900	208,880	3,752,000	1,611,275	[illegible]
1921–22	4,406,365					

[1] Data mostly from Willett & Gray.
[2] Chiefly India (consumed locally).
[3] Includes Porto Rico, Hawaii, Virgin Islands, and Philippine Islands.

BEET-SUGAR PRODUCTION.[1]

Year.	Europe.	United States.	Canada.	Beet, world total.	Beet and cane, world total.
[illegible]-12	6,[illegible]00	600,000	12,000	7,[illegible]00	17,208,092
[illegible]2-13	8,[illegible]74	692,556	12,439	9,[illegible]39	20,326,894
[illegible]3-14	8,[illegible]00	733,401	11,982	9,[illegible]53	20,602,768
[illegible]4-15	8,[illegible]51	722,054	13,773	8,[illegible]78	20,119,149
[illegible]5-16	5,[illegible]89	874,220	18,419	6,[illegible]08	18,803,437
[illegible]6-17	5,[illegible]53	822,720	14,[illegible]	6,[illegible]43	19,148,806
[illegible]7-18	4,[illegible]10	764,811	12,600	5,[illegible]50	19,512,889
[illegible]8-19	3,[illegible]47	755,879	24,976	4,[illegible]26	17,771,256
[illegible]9-20	2,[illegible]77	731,312	18,480	3,[illegible]39	17,049,407
[illegible]0-21	4,[illegible]77	1,047,200	33,600	5,[illegible]77	19,378,812

[1] Data from United States Tariff Commission.

TABLE 2.—*Sugar production in the United States.*[1]

[In short tons.]

Year.	Beet sugar.	Cane sugar.				
		Louisiana and Texas.	Hawaii.	Porto Rico.	Philippine Islands.	Total.
1911-12	600,000	351,000	595,000	371,000	205,000	1,532,000
1912-13	692,556	163,000	547,000	398,000	345,000	1,463,000
1913-14	733,401	301,000	612,000	364,000	408,000	1,685,000
1914-15	722,054	247,000	646,000	346,000	421,192	1,660,192
1915-16	874,220	138,620	593,482	483,095	[2] 372,000	1,587,197
1916-17	820,657	310,900	648,818	502,395	[2] 235,200	1,697,313
1917-18	765,205	244,700	576,900	463,600	242,200	1,527,400
1918-19	760,950	285,530	603,550	406,150	218,720	[3] 1,524,080
1919-20	726,451	120,980	566,160	485,900	234,450	[3] 1,421,367
1920-21	1,047,200	191,787	590,668	487,200	[2] 336,000	1,605,675

[1] Data mostly from Willett & Gray.
[2] Exports.
[3] Virgin Islands: 1918-19, 10,080 tons; 1919-20, 13,887 tons.

TABLE 3.—*Imports of cane sugar only.*[1]

[In short tons.]

Fiscal years.	Free.	Dutiable.	Above No. 16 Dutch Standard in color.	Total.
[illegible]	87,985	1,956,234	3,054	2,047,273
[illegible]	115,176	1,839,377	2,101	1,956,644
[illegible]	217,785	1,828,280	2,992	2,049,057
[illegible]	101,580	2,175,444	1,672	2,278,696
[illegible]	58,375	2,472,408	397	2,531,180
[illegible]	163,421	2,545,894	....	2,709,315
[illegible]	108,595	2,707,[illegible]	....	2,815,636
[illegible]	133,946	2,530,848	....	2,664,794
[illegible]	98,761	2,350,377	....	2,449,138
[illegible]	114,503	2,801,488	....	2,915,991
[illegible]	28,856	3,759,993	....	3,788,849
[illegible]	178,450	3,313,647	....	3,492,097

[1] Data from Department of Commerce.

TABLE 4.—*Imports of cane and beet sugar.*[1]

[In short tons.]

Fiscal years.	Grand total.	Cane sugar.			Beet sugar.
		Total.	From Cuba.	Per cent of total from Cuba.	
1911–12	1, 531, 591	1, 79	1, 593, 315	87	3, [illegible]
1912–13	2, 256, 768	2, 44	2, 155, 872	99	94, [illegible]
1913–14	2, 473, 589	2, 06	2, 463, 303	99	1, 15[illegible]
1914–15	2, 546, 330	2, 92	2, 392, 444	94	[illegible]
1915–16	2, 707, 039	2, 38	2, 575, 425	95	[illegible]
1916–17	2, 530, 862	2, 48	2, 334, 549	92	[illegible]
1917–18	2, 350, 377	2, 77	2, 280, 375	97	....
1918–19	2, 915, 991	2, 90	2, 744, 356	94	[illegible]
1919–20	3, 795, 456	2, 21	3, 452, 855	91	7, 13[illegible]
1920–21	3, 503, 344	3, 96	2, 462, 815	71	11, 2[illegible]

[1] Data from report by United States Tariff Commission.

TABLE 5.—*Exports.*

[In short tons.]

Fiscal year.	Domestic refined sugar.	Reexports.	Total.	Fiscal year.	Domestic refined sugar.	Reexports.	Total.
1910	62, 726	24, 062	86, 788	1916	825, 075	17, 865	842, [illegible]
1911	27, 474	8, 513	35, 987	1917	624, 454	2, 855	627, [illegible]
1912	39, 797	2, 077	41, 874	1918	298, 242	5, 545	2[illegible]
1913	21, 997	974	22, 871	1919	557, 933	1, 509	55[illegible]
1914	25, 448	10, 127	35, 575	1920	722, 015	3, 452	72[illegible]
1915	274, 504	16, 339	290, 843	1921	291, 349	95, 369	38[illegible]

BLACKSTRAP (WASTE) MOLASSES.

[Paragraph 503.]

STATEMENT OF GEORGE A. CHAPMAN, REPRESENTING AMERICAN FEED MANUFACTURERS' ASSOCIATION, CHICAGO, ILL.

Mr. CHAPMAN. Mr. Chairman, I personally represent the American Feed Manufacturers' Association; and in compliance with the request of your committee the men who are here to be heard with me held a meeting and requested that I make for them a general statement. They also are very desirous of being heard personally, as they have so much on their hearts in connection with this.

Senator SMOOT. I think it would be very much better if you could make a complete statement yourself, and then if they have any briefs let them file them.

Mr. CHAPMAN. These gentlemen I am speaking for, in addition to the American Feed Manufacturers' Association, are: Mr. George H. Forsee, Kansas City, Mo., for Kansas City Hay Dealers' Association, and Missouri River Feed Manufacturers; Mr. Lou H. Robertson, Abingdon, Ill., for Military Tract Shippers & Feeders Association; Mr. Frank C. Jones, Bullville, N. Y., for Eastern Federation Feed Merchants; B. T. Manard, New Orleans, La., for Penick & Ford,

ealers in domestic and imported molasses; E. Wilkinson, Birmingam, Ala., for Alabama Division, American Cotton Growers' Assoation; Floyd Wilson, Lamar, Colo., for Colorado, Wyoming, New lexico & Kansas Alfalfa Millers; Mr. Dwight Hamlin, Pittsburgh, a., for Pennsylvania Feed Manufacturers; Mr. A. F. Seay, St. Louis, lo., for St. Louis and East St. Louis (Ill.) Feed Manufacturers; Mr. . B. Edgar, Memphis, Tenn., for Memphis Feed Manufacturers.

We are here, gentlemen, in opposition to paragraph 503, which is he molasses schedule. We believe that in the interest of our manucturing business and in the interest of the American farmer that lackstrap molasses should be permitted free entry. We realize that e are before a Republican Congress who believe in protection to merican industries, and we also realize that we are in a time when is necessary that our Government have revenue. So, in the event hat you can not give us free entry, we want to take the position that he rate of duty on blackstrap molasses should not be in excess of oneourth cent per gallon flat.

Paragraph 503 now specifies one-fourth cent per gallon based on 8 per cent total sugars, and an additional 275 one-thousandths of 1 ent for each per cent of total sugars over 48.

I would explain in regard to that that this is a new departure in he matter of a tariff on blackstrap molasses. The tariff has never efore been based on this total sugar content; it has been based on polariscope test of 40°. There has been some objection raised to he polariscopic method because it is said not to be as accurate as he total sugar basis by the Clerget method, and it has been said that igher grades of sirups than blackstrap have been by this means rought into the country at the blackstrap rate, and it has also been aid the blackstrap molasses has been brought into the country and urther extraction of sugar made.

I do not think there is very much to that latter claim. There has een to our knowledge not more than one concern that did that, and I believe that was only profitable during the period of very highriced sugar, and possibly that concern was also able to get in some igh-tested molasses. However that may be, if it is not presumptuous n our part, we would suggest an amendment to paragraph 503 wherein molasses for use other than for the further extraction of ugar, or for human food, might come in—this is blackstrap molasses I refer to—at the basic rate of not to exceed one-fourth cent per allon.

We base this on a 40 per cent sucrose content by the Clerget method.

I do not believe it is necessary on a 40 per cent sucrose basis to afeguard any further extraction of sugar, but we have included in our suggestion a provision which will prevent the further extraction of sugar in order to clear the atmosphere. There seems to be a ermeating atmosphere that it might be possible, and therefore I will read a paragraph as we would suggest to have it amended reading]:

Paragraph 503. Molasses testing not above 40 per centum sucrose by Clerget method, when imported for use other than extraction of sugar for human consumption, twentyfive one-hundredths of 1 cent per gallon. All other molasses and sirups testing not above 48 per cent total sugars, twenty-five one-hundredths of 1 cent per gallon; testing above 48 per cent total sugars, two hundred and seventy-five thousandths of 1 cent additional for each per cent of total sugars and fractions of a per cent in proportion.

This amendment, gentlemen, would let in at the basic rate all of the blackstrap molasses which is the final residue from the manufacture of sugar from sugar cane.

Senator SMOOT. Under the Underwood bill it was 15.

Mr. CHAPMAN. Under the Underwood bill it was 15, under the existing law it is 25 per cent ad valorem, and the value in Cuba to-day is not to exceed a cent a gallon.

You note that we would go on with the balance of paragraph 50[illegible] and leave it just as it is now, so that molasses for the purpose of further extraction of sugar or for human consumption might be affected just as the Fordney bill proposes.

Senator SMOOT. You would be satisfied, then, to change that 48 per cent to 40 per cent?

Mr. CHAPMAN. No; the 48 per cent is total sugars.

Senator SMOOT. You say "molasses," so it reads as follows: "Molasses and sirups testing above 40 per centum" total sugars, and 0.275 of 1 cent per gallon?

Mr. CHAPMAN. No; my suggestion is 40 per cent sucrose, which is different from the total sugars. You see, you have the sucrose and the invert sugars to make the total sugars. Blackstrap molasses tests as follows by the different methods:

Sucrose by polariscope		22-[1] [illegible]
Sucrose by Clerget method	per cent..	[illegible]
Reducing sugars	do....	14-[illegible]
Total sugars by polariscope	do....	40-[illegible]
Total sugars by Clerget method	do....	4[illegible]

Gentlemen, you are dealing with a commodity which is the basic fundamental necessity for a very large industry. It is a fundamental necessity for a feed-manufacturing industry which has been built up in the United States in the past 15 years employing at least $200,000,000 of capital, with an annual output of approximately 3,000,000 tons of ready prepared rations, employing thousands on thousands of men—laborers, salesmen, office employees——

Senator DILLINGHAM (interposing). I do not understand what your product is.

Mr. CHAPMAN. It is a balanced ration for live stock, manufactured from various commodities, of which blackstrap molasses is the basic material.

The use of these feeds has grown tremendously. The farmers find that their stock do better on these rations. This blackstrap molasses is not and should not be considered a substitute for corn or oats or the home-raised feeds. It should be regarded just as we regard the table sirup in connection with our corn cakes in the morning. It makes the stock eat more corn and home-raised products, and therefore just as it makes us eat more cakes, the farmer gets a quicker and more profitable turnover in fattening cattle. Under the old methods it used to require six months to a year to fatten a steer. Steers are now fattened in 75 to 120 days by using the molasses as supplemental feed—so the home grown.

Senator CALDER. Is the molasses mixed with the feed?

Mr. CHAPMAN. It is handled in both ways. The farmers buy large quantities of it in barrels, but that is very expensive, because of the

[1] This is far under limit of 40° provided in emergency tariff and former tariffs.

xpensive package, local freight rates, etc. The feed manufacturer nakes a ration to balance the home-raised feeds, and these balanced ations carry 20 per cent to 60 per cent of molasses, just as much as the nixture will absorb; and then these molasses feeds are fed along with he home-grown grains.

To show you something of the demand that there is for these products, I would like to read you quotations from Farmers' Bulletin No. 218, issued by the United States Department of Agriculture in November of this year. The Agricultural Department in this bulletin n suggesting rations for fattening 2-year-old steers in the corn belt, n a total of 12 suggested rations, mentions only three concentrates other than corn, silage, or other farm-raised products, namely, cottonseed meal, linseed meal, and molasses. These are all used as supplemental feeds to corn or other farm-raised feed stuffs, and in all but two of these rations one or more of these three concentrates were named.

I think no argument is necessary to show you that if anything should happen to put the price of molasses where the farmer could not longer afford to use it in fattening his cattle, he would have to go on to the other two of the concentrates recommended by the Agricultural Department, namely, cottonseed meal and linseed meal; and on account of the increased demand there would be an increased higher price level for those other two concentrates; and it is not only a matter of the molasses to the farmer, but it is a matter of raising the price of his other feedstuffs.

Senator McLEAN. You say it costs a cent a gallon in Cuba?

Mr. CHAPMAN. About a cent a gallon at the present time. Of course, we are laboring under very abnormal conditions at this time. Molasses is a drug; it is very difficult to dispose of even the domestic crop.

Senator McLEAN. It is a good deal cheaper than corn meal?

Mr. CHAPMAN. Yes; but you must bear in mind that we have freight from the interior of Cuba. This molasses is pumped out of the storage tank at the sugar factories, on the island of Cuba, for instance, and shipped to the seaboard, and then it is pumped into an enormous storage tank which may contain the product of a large number of sugar factories. It is pumped out of this large storage tank at the seaboard into tank steamers and is brought to the American seaboard and is there pumped into large storage tanks which may be partially filled with other molasses. There must be considered the expense of the tank-car service, the tank steamers, pumping into the tanks in Cuba, pumping into tank steamers to bring it to our own seaboard, and then the freight charges which have gone sky-high since the advances in freights.

Senator McLEAN. What does it cost the consumer a gallon?

Mr. CHAPMAN. It depends on where he is located, of course, after paying the freight. At the present time, the molasses is not coming in, and that is what I say to you gentlemen, that if you act upon this additional duty, blackstrap molasses will not come into this country; it is not coming in for feed purposes to-day on account of the low price of grain and the high freight rates. It is a long-haul commodity; it must come up from the Gulf ports, clear to our cattle-raising sections and into the dairy sections of the Northeast.

Senator McLEAN. It is considered a by-product?

Mr. CHAPMAN. It is a by-product; yes, sir.

Senator McLEAN. Do they not have it in Louisiana?

Mr. CHAPMAN. They have it, and that is the point I am coming t gentlemen. We have it in Louisiana; we have it in very sma quantities there. For seven years last past this country has raise in blackstrap molasses only 8 per cent of the amount used. In othe words, we imported 92 per cent.

I do want to say this, that the feed manufacturers and the gentle men I am representing have no fight with the sugar people. W want to see the sugar industry of this country prosper, and I belie it should be protected on sugar by a duty adequate——

Senator McLEAN (interposing). What percentage of the value o a ton of cane would be represented in the blackstrap molasses?

Senator SMOOT. It is nominal.

Senator McLEAN. It must be very small.

Judge MILLING. It is small—4½ gallons to the ton.

Senator McLEAN. What is a ton of cane said to be worth?

A LOUISIANA WITNESS. Cane is worth $3.85; that is the averag price paid at our factories.

Senator McLEAN. Then what would the blackstrap molasses b worth?

A LOUISIANA WITNESS. The last we sold was at 2¼ cents a gallo

Senator McLEAN. And you get how many gallons?

Mr. CHAPMAN. Four and one-half gallons to a ton of cane—11 pounds to the gallon. The argument I make is this: As I sa blackstrap molasses is a by-product material. The sugar people w get their protection on their sugar and no amount of protection in th world will cause one pound more of this by-product material to be pr duced. The molasses means little to the sugar interests; it mea everything to our farmer and our feed-manufacturing interests.

Senator CALDER. About 8 per cent of all blackstrap molasses domestic product?

Mr. CHAPMAN. Eight per cent of all blackstrap molasses used he has been a domestic product for the last seven years on the avera In the year 1920 this country produced only 5.3 per cent of the blac strap molasses used in the United States.

Senator CALDER. Do you include the beet industry?

Mr. CHAPMAN. I am not dealing with the beet industry at th present time, for the reason that I am speaking on blackstrap, whi is a cane product.

Quoting further from this farmer's bulletin—I am doing this leave in your minds the idea that this is something that the farm wants, that the farmer needs as a supplemental product to his ow feed. On page 51 of this bulletin it says [reading]:

> Molasses feed and other miscellaneous concentrates are in much demand in sa sections of the corn belt.

Again it says [reading]:

> Molasses in combination with other feeds makes a feed that is very palatable cattle.

Further [reading]:

> Blackstrap molasses can usually be bought at a price that justifies the farmer buying it by itself and mixing it with the feed grown on the farm.

And the item that I particularly desire to have you note is on page 2, in which it states [reading]:

In Illinois cottonseed meal and linseed meal constitute the bulk of concentrates in nearly equal proportions. In Iowa the records indicate the use of molasses feed to be as general as cottonseed and linseed meal combined.

Further, it says [reading]:

Molasses or any other sweet feed in the rations can be fed until shipping time without bad effects.

We are submitting statements showing the imports of blackstrap molasses since the year 1914, official figures, which I will not take the time to read; also the American production of blackstrap molasses as taken from the yearbook published by the Louisiana Sugar Planters' Association of New Orleans. I have done this to substantiate the statement I have just made in regard to the quantities imported as related to the quantities produced in this country.

Mr. CHAPMAN. I desire also to direct your attention to the magnitude of this feed-manufacturing business. The principal use of blackstrap molasses in times of peace is in compounding feeds for live stock. In the past 10 or 15 years an enormous industry has been built up in this country manufacturing balanced rations of all kinds for live stock, using it as the essential basic ingredient. Large factories employing thousands and thousands of laborers and other employees, with investments probably totaling $200,000,000, and producing approximately 3,000,000 tons of balanced rations, are located in every section of the country. In fact, in some centers the mixed-feed industry has become one of the leading industries. Aside from these industries located at the principal cities on the Pacific coast, mills are situated principally in the leading railroad centers east of the Rocky Mountains.

Mills manufacturing these mixed feeds are located about as follows: Kansas City, 5; St. Joseph, Mo., 2; Omaha, Nebr., 2; Clinton, Iowa, 2; Cedar Rapids, Iowa, 2; St. Louis, Mo., 2; East St. Louis, Ill., 5; Cairo, Ill., 2; Peoria, Ill., 2; Chicago, Ill., 8; Hammond, Ind., 3; Milwaukee, Wis., 2; Minneapolis, Minn., 3; Cincinnati, Ohio, 4; Pittsburgh, Pa., 2; Buffalo, N. Y., 5; Memphis, Tenn., 12, Nashville, Tenn., 3; Little Rock, Ark., 4. And a gentleman just here from Memphis has told me that there are at least $6,000,000 invested in plants in Memphis, and those plants have a daily capacity of about 3,500 tons of mixed feed.

At Nashville, Tenn., there are 3; Little Rock, Ark., 4; and then there are hundreds of small plants controlled by farmers and cooperative associations for local feeding interests. In virtually all of the principal cities other than I have named there are single manufacturing plants.

Senator McLEAN. Is it for poultry feeding?

Mr. CHAPMAN. No, sir; but it will be. There is a movement on foot in that direction; there have been experiments made, and it is going to be used.

It is being used for the fattening of sheep in very large quantities. One concern in Illinois that fattens something like 50,000 sheep uses molasses as a fattener.

If it is the desire to increase the revenue, a high tariff will defeat that purpose, because molasses will not come in.

Senator SMOOT. What would you use in place of it?

Mr. CHAPMAN. It just will not be used if it is too high in price, and the farmers will have to make slower and more expensive gains in their feeding operations, and go back to the old long-period method.

I would like to speak to you in regard to the schedule. Where not above 48 per cent total sugars as the basic rate of one-fourth cent per gallon is proposed by paragraph 503.

There is no blackstrap molasses, as a matter of fact, that tests as low as 48 per cent total sugars. Extremely rare instances occur where such a test is shown, but when we get such a low test we are suspicious of that molasses, and feel that it has been adulterated.

We will submit for the record, gentlemen, statements of the three leading importers of blackstrap molasses, covering something over 150 cargoes, in one instance the importations of one concern running back from 1914 to 1920, inclusive, and we are showing you the chemical analysis and showing you the total sugar analysis made of those cargoes at the time they came in, and we do likewise with two other of the leading importers. You will note that the total sugar content on these shipments of blackstrap average 54 per cent total sugars by the Clerget method. Rarely does one get down to 48, which is the basic figure on this one-fourth cent tariff as proposed by the Fordney bill. Occasionally one will come in as high as 60 per cent total sugars, but the general average is 54.

(See Exhibits A, B, 1, and 2 in brief.)

Mr. CHAPMAN. As the Fordney bill is passed, virtually nothing will come in at one-fourth cent per gallon, although we feel that the House thought that they were placing a duty of one-fourth cent per gallon on blackstrap molasses. We base our opinion in regard to this on a letter received by one of the Minneapolis feed manufacturers from Congressman Fordney, in which Mr. Fordney stated that the committee understood that all blackstrap molasses would test under 48. So that we believe that the House intended to allow all blackstrap molasses to come in at one-fourth cent per gallon. As a matter of fact, the Fordney bill would assess a duty on the average blackstrap molasses of 1¾ cents per gallon or over. Basing it on the average of 54 per cent total sugars and slightly more than one-fourth cent for each 1 per cent total sugars over 48 per cent, there would be six additional quarter cents.

Senator SMOOT. That is, if it all came in at 54?

Mr. CHAPMAN. If it all came in at 54, but 54 is the average. Some of it runs as high as 60, and on that high-testing molasses you can readily see we would then pay over 3 cents per gallon, in fact, 3¼ cents; there would be another six points.

Senator SMOOT. Why do they allow the 60 per cent in molasses?

Mr. CHAPMAN. Blackstrap molasses is not a uniform commodity; it never has been and probably never will be. It varies greatly.

Senator SMOOT. Does not that come about by the failure of extraction of sugar?

Mr. CHAPMAN. That is one reason. The condition of the cane, soil conditions, weather conditions, efficiency of the extraction plant all have their bearing on the quality of the blackstrap molasses. It has been suggested, "Why do you not keep the high-grade stuff separate, as it is worth more and it should pay more duty?" There is no way to do that; it is not possible.

This molasses, which comes largely from the interior of Cuba, is made at sugar plants in the interior. The sugar content of blackstrap molasses is dependent upon a great many factors: The run of to-day from a given factory may test differently from the run of tomorrow. The molasses from an individual factory is all run into a large vat. The run of to-day must be mixed with the run of tomorrow, and this run of several weeks or months may be stored in one vat. This molasses is pumped out of the storage tank at the sugar factory, on the island of Cuba, for instance, and shipped in tank cars to the seaboard and put into an enormous storage tank which may contain the product of a large number of sugar factories. It can not be kept separate and is all run together. It is pumped out of this large storage tank at the seaboard into tank steamers and is brought to the American seaboard and is there pumped into other large storage tanks which may be partially filled with other molasses. There is no way in which the buyer when he purchases blackstrap molasses either in Cuba or in America can know what sugar content he is going to get.

He may buy on a guaranteed minimum of not less than 48 per cent total sugars, for blackstrap molasses rarely, if ever, runs under that figure, but he can not buy on a guarantee that it will not run over that amount. Blackstrap with him is blackstrap molasses. He works on general averages and does not and can not discriminate. Blackstrap molasses in one part of a tank steamer or tank car may test higher in sugar content than that in another part of the same tank steamer or tank car. No two chemists were ever known to get identical results from two samples drawn from any particular lot of blackstrap. There is no way of determining what you are going to get when you buy blackstrap molasses; consequently, there is no way of getting more money for that which may, under the proposed bill, pay a duty of 3¼ cents per gallon from that which may pay ¼ cent per gallon.

Senator SMOOT. In your brief you give figures showing the different percentages and the different shipments for a certain length of time?

Mr. CHAPMAN. We do. As an illustration, we have taken here six typical cargoes brought into this country from January to May of this present year, and we find that based on actual practice as compared to the duty which those shipments actually paid, and which those same shipments would pay under the proposed Fordney tariff, the increase in duty is 370 per cent.

Senator SMOOT. I think the committee understands now your wishes in the matter, and if there is any special question that you want to impress upon the committee, I wish you would do it and do it briefly, so they can get the whole picture in their minds, because it is a rather difficult schedule, and if you expect all of the Senators to go into the detail of this here I am fearful they will not get very much out of it.

Mr. CHAPMAN. I am fearful of that, too.

Senator SMOOT. Let me suggest to you that you just impress upon the members of this committee right now the points you want them to get, succinctly as you can, so they will understand it and read it.

Mr. CHAPMAN. I want to do that.

Senator McLEAN. Have you got the quantities there of importation?

Mr. CHAPMAN. I have the statement of importations and the statement alongside of it of the quantity produced in the country.

Senator CALDER. What are the importations?

Mr. CHAPMAN. For 1914 they were 71,098,507 gallons and Louisiana produced 11,000,000 gallons; in 1915 we imported 88,000,00 gallons and Louisiana produced 7,000,000 gallons; in 1916 w imported 110,000,000 gallons and Louisiana produced 14,000,00 gallons; in 1917 we imported 140,000,000 gallons and Louisiana produced 12,000,000 gallons; in 1918 we imported 159,000,000 gallons and Louisiana produced 16,000,000 gallons, and that is th greatest amount that Louisiana has ever produced in these years in 1919 we imported 156,000,000 gallons and Louisiana produce 6,600,000 gallons, and in 1920 we imported 179,000,000 gallons an Louisiana produced in that year 10,000,000 gallons.

Senator CALDER. What proportion of this blackstrap molass is used for the purpose of making alcohol?

Mr. CHAPMAN. As near as we can figure—and we have cover that also in our brief—in normal times 75 per cent of the molass is used for feed purposes. In war time we figure not more than 4 per cent was used for feed purposes, but the feed manufacturer an the feeders would have taken unlimited additional quantities they could have gotten them. But during the war alcohol was i such great demand for powder and other explosives, poison gase and so on, that the alcohol people took the molasses, and I do n think that the feed trade used over 45 per cent of the total molass produced in the country and imported.

Senator DILLINGHAM. What has it been since that time.

Mr. CHAPMAN. In 1920 we believe that 75 per cent of the molass was used for feed, and I will gladly tell you what we base our opini on; we base it on the known figures of one molasses distributi company. That one company in the years 1919 and 1920 averag for these years over 40,000,000 gallons annually to the feed trade.

Now, conservatively—I have talked with several of the oth importers and they think that is a conservative estimate—we d not believe that that concern handled more than one-third of th molasses to the feed trade. So that, granting that this one conc handled only one-third of the feed molasses, during those two yea the feed trade used approximately 120,000,000 gallons of blac strap molasses, and that would be equal to about 70 per cent of th total importations of those years.

Then, again, in the years 1917–18 this concern's average annu delivery to the feed trade were 21,000,000 gallons. Of cours those were war years; and on the same hypothesis of one-third, th feed trade during those war years would have used 60,000,000 ga lons annually, or about equal to 40 per cent of the importatio during the war years.

Gentlemen, this is a tremendous thing to the feed trade. It is million tons of molasses per year of imports.

Senator McLEAN. And your argument is that it does not displa corn and other mixtures?

Mr. CHAPMAN. Only to a slight extent. The extent only, pa ticularly in the fattening of cattle, it hurries the operation; it tak

iicker gains; they eat more corn while they are fed this molasses. i dairy use it causes the stock to drink more water and keep in nerally more thrifty condition and consequently eat more other ed.

Senator CALDER. It is an appetizer?

Mr. CHAPMAN. Just like your sirup on your corn cakes in the orning. The cotton planters of the South make their crop more onomically, as these molasses feeds are safer and more efficient ian the unmixed grains for work animals. These feeds are in very rge demand in the cotton-raising sections.

Alfalfa meal is not used appreciably as feed, except in molasses-ed mixtures. The business of hundreds of alfalfa-grinding mills Colorado, Nebraska, Kansas, Wyoming, New Mexico, and Okla-oma depends upon the success of the mixed-feed manufacturing ants. Unless the mixed feeds can be made at prices at which they ill sell readily, this important western industry of alfalfa milling will down and out. Alfalfa meal is the principal ingredient mixed with olasses, and what affects one affects the other. Alfalfa meal is a ng-haul commodity the same as molasses is a long-haul commodity, id the advanced freight rates have militated against both of these rincipal ingredients to the extent that they can bear no further andicaps and still be marketed. The grinding of alfalfa meal to be uxed with molasses amounts to hundreds of thousands of tons, and as created a market and a demand for alfalfa raised by the farmer i the country surrounding these alfalfa mills, and these farmers will e seriously affected unless the mixed-feed industry can go on.

I would like to say in conclusion—

First. That on account of the small amount of blackstrap molasses roduced in the country and the large amount required to be im-orted, the imported molasses necessarily fixes the price.

Second. The feeders can not afford to use molasses if the price is icreased as indicated by the House bill.

Third. No importer can undertake to import blackstrap molasses n an uncertainty of rate as proposed to the House bill.

Fourth. Blackstrap molasses must be segregated in the bill from ther molasses and sirups and be permitted to enter either duty free r at a low fixed rate of duty.

Fifth. Either the basic total sugar content as proposed in the bill ust be raised to an amount so that all blackstrap molasses may enter t the basic rate—that would require approaching 60 per cent total ugars—or it should be arranged to go back to the polariscope basis ist as used in all previous tariffs—35° by the polariscope would cover ll blackstrap molasses; or, inasmuch as the essential protecting the ugar schedule is the sucrose content, a basis which would consider ucrose only by the Clerget method could be adopted. The 40 per ent sucrose by the Clerget method would permit all blackstrap olasses to enter at the basic rate.

Sixth. The United States Tariff Commission in a pamphlet entitled Tariff Information Surveys," on the articles in paragraph 177 of the ariff act of 1913 and related articles, dated 1921, on page 93, states:

> The dividing line between high-grade and low-grade molasses might be fixed at 55 per cent of sweetening matter.

The Tariff Commission's suggestion would barely cover the averag[illegible] blackstrap molasses and would militate against the higher-testin[illegible] grades.

Senator SMOOT. Would you like to file a brief?

Mr. CHAPMAN. I would like to do so.

Senator SMOOT. You may file it, avoiding in it repetitions of sta[illegible]ments you have made orally, and it will be printed.

BRIEF OF GEORGE A. CHAPMAN, REPRESENTING THE AMERICAN FEED MAN[illegible] FACTURERS' ASSOCIATION, CHICAGO, ILL.

Blackstrap molasses is the final residue from the manufacture of sugar fro[illegible] juice of sugar cane from which no more crystalizable sugar can be extracted. [illegible] not suitable for human food. It was formerly all wasted, but of recent year[illegible] have been found for it.

Blackstrap molasses tests:

Sucrose by polariscope		[illegible][1]
Sucrose by Clerget method	per cent..	[illegible]
Reducing sugars	do....	14[illegible]
Total sugars by polariscope	do....	4[illegible]
Total sugars by Clerget method	do....	4[illegible]
Moisture	do....	3[illegible]
Protein	do....	[illegible]
Ash	do....	[illegible]

The sucrose and reducing sugars are in liquid form and are commercially un[illegible]talizable. None of these sugars can be profitably extracted. If they could [illegible] sugar manufacturer who produces the blackstrap molasses would do it.

In normal peace times it is estimated that an amount equal to 70 per cent [illegible] amount imported into the country is used for feeding to dairy cattle, steers, h[illegible] mules, sheep, and hogs, either direct or in the form of ready prepared balanced rat[illegible] These rations contain from 10 per cent to 60 per cent blackstrap molasses, the bala[illegible] being made up of alfalfa meal, crushed grain, grain screenings, cottonseed mea[illegible] other by-product materials.

During the war years probably not over 45 per cent of the amount imported [illegible] used for feeding live stock, due to the very heavy demand for alcohol requir[illegible] the production of powder and other explosives.

(The above estimates are based on the known figures of one distributing [illegible] whose average billings to the feed trade of blackstrap molasses for the years 191[illegible] 1920 approximated 40,000,000 gallons annually, and for the two war years, 191[illegible] 1918, 21,000,000 gallons annually. More would have been used by the feeder[illegible] war years if they could have gotten it. It is conservatively estimated that this [illegible]cern's sales to the feed trade could not have been more than one-third of the am[illegible] used by the feed trade. On this hypothesis the feed trade consumed an averag[illegible] 120,000,000 gallons annually during 1919 and 1920, and an average of 63,000,[illegible] gallons annually during 1917 and 1918. This is more than 70 per cent of the aver[illegible] annual importations for the years 1919 and 1920, and more than 40 per cent [illegible] average annual importations for the years 1917 and 1918; it is fourteen times a[illegible] as the average annual Louisiana production for 1919 and 1920, and four and [illegible] times as much as the average annual Louisiana production for 1917 and 1918.

A small percentage of blackstrap molasses is used for the production of vinega[illegible] yeast. A small percentage is also used with calcium arsenate to poison boll we[illegible] in the South and grasshoppers in the Western States. It is also used in small [illegible]tities by foundries in the preparation of cores. There are practically no other k[illegible] commercial uses for this low grade blackstrap molasses. Practically all [illegible] imported blackstrap molasses comes from Cuba. None of this is used or is suit[illegible] for human food.

Its principal use in times of peace is in compounding feeds for live stock. With[illegible] the past 10 or 15 years an enormous industry has been built up in this country ma[illegible]facturing balanced rations for all kinds of live stock, using Blackstrap molasses as t[illegible] essential basic ingredient. Large factories, employing thousands of laborers [illegible] men, and office employees, with investments probably totaling $200,000,000 [illegible] producing approximately 3,000,000 tons of balanced rations, are located in [illegible]

[1] This is far under limit of 40° provided in emergency tariff and former tariffs.

ction of the country. In fact, in some centers the mixed-feed industry has become ne of the leading industries. Aside from those industries located at the principal ties on the Pacific coast, mills are situated principally at the leading railroad centers ast of the Rocky Mountains. Mills manufacturing these mixed feeds in the leading enters number as follows:

ansas City, Mo	5	Hammond, Ind	3
t. Joseph, Mo	2	Milwaukee, Wis	2
maha, Nebr	2	Minneapolis, Minn	3
linton, Iowa	2	Cincinnati, Ohio	4
edar Rapids, Iowa	2	Pittsburgh, Pa	2
t. Louis, Mo	2	Buffalo, N. Y	5
ast St. Louis, Ill	5	Memphis, Tenn	12
airo, Ill	2	Nashville, Tenn	3
eoria, Ill	2	Little Rock, Ark	4
hicago, Ill	8		

Hundreds of small plants controlled by farmers and farmers' cooperative associations r local feeding interests; also individual plants located in the principal towns and ities in practically every State north and south, east of the Rock Mountains. In act, this has become one of the large industries of the country and was very thriving ntil unfavorable conditions developed, including the several advances in freight ates, which placed a prohibitive tariff on this long-haul commodity. Since then his industry has been struggling for its very existence. To continue to thrive and upply the farmers and feeders of the country with desirable rations, it must have ow-priced molasses.

The industry was built up on low-priced molasses, and a comparatively low tariff as always been placed against it. When the railroad rates began to advance, the ndustry began to go down. Because this product must be hauled long distances to its oint of manufacture and consumption, freight rates have always been a large part of te cost; in fact, on the imported molasses the transportation charges have always een the greatest part of its cost. An increased duty on blackstrap molasses would be he equivalent of another advance in freight rates and will put the finishing touches o this industry which is now struggling to keep going until conditions improve.

In the early part of this year the railroads which had been hauling not only the lackstrap molasses up from the Gulf ports and from Louisiana, but other supplies to he mixed feed plants, as well as the finished product out, saw this industry and this arge source of revenue to them rapidly dying and endeavored to come to the rescue y granting a reduction in the freight rates effective June 10, 1921, of approximately 25 per cent. Even now with molasses selling at the seaboard at the lowest prices ever known, and with the reduced freight rates, the entire molasses feed manufacturing ndustry is in the throes of despair. With molasses duty free or with a low duty it may be able to survive.

The beneficiaries of cheap molasses are the farmers of all sections of the country, the producers of beef, pork, and mutton, dairymen, and owners of horses and mules. Especially the farmers of the grain belt want the benefit of cheap molasses. It is not a grain substitute, but a supplement to grain, which practical feeders have found added to their grain and home-grown roughages, makes these materials much more valuable and efficient.

Molasses feed must not be considered as coming into direct competition with corn. On the contrary it causes an increased consumption of corn. It is a competitor of corn in feeding to the extent that table sirup is a competitor to corn cakes in human consumption. Both increase the appetite for corn, causes more to be eaten, and consequently quicker, cheaper gains in weight. The big molasses feeders in the corn belt are the big raisers of corn and they would not buy something to compete with what they already have if molasses was simlpy a competitor of corn. Molasses is an appetizing supplement to corn and is so universally considered and used.

Should the western cattle feeder be unable, through the high price of other concentrates and the withdrawal of the molasses feed industry, to obtain any concentrates to go with his native feeds and be forced to feed out his cattle through the old and long process of using straight grains, he will be deprived of a quick finish and a quick turnover and be unable to handle his cattle profitably on the very small margin which exists and has existed for several years between the price that he pays for his feeder cattle and the price that he gets for his finished cattle.

It formerly required about a year to fatten or finish cattle for market. Now with the use of blackstrap molasses in the ration the animals are finished in 75 to 120 days. This saving in time obviously decreases the expense of producing meat. A large proportion of sweet feeds is consumed right in the corn belt.

Farmers' Bulletin No. 1218 makes the following statements:

Page 21: "Molasses feed and other miscellaneous concentrates are in much deman in some sections of the corn belt. Molasses in combination with other feeds make feed that is very palatable to cattle. The blackstrap molasses can usually be bough at a price that justifies the farmer in buying it by itself and mixing it with the fe grown on the farm.

Page 22: "In Illinois cottonseed meal and linseed meal constitute the bulk of con centrates in nearly equal proportion. In Iowa the records indicate the use of molas feed to be as general as cottonseed and linseed meal combined.

Page 30: "Molasses or any other sweet feed in the ration can be fed until shipp time without bad effects."

The city people are benefited as their meat and milk are produced better an more economically, and team owners' hauling costs are reduced.

The cotton planters of the South make their crops more economically, as the molasses feeds are safer and more efficient than the unmixed grains for work anim These feeds are in very large demand in the cotton-raising sections.

Alfalfa meal is not used appreciably as feed, excepting in molasses feed mixtur The business of hundreds of alfalfa grinding mills in Colorado, Kansas, Nebrask Wyoming, New Mexico, and Oklahoma depends upon the success of the mixed fe manufacturing plants. Unless the mixed feeds can be made at prices at which th will sell readily, the important Western industry of alfalfa milling will go down a out. Alfalfa meal is the principal ingredient mixed with molasses, and what aff one affects the other. Alfalfa meal is a long-haul commodity the same as molasse a long-haul commodity, and the advanced freight rates have militated against of these principal ingredients to the extent that they can bear no further handicap and still be marketed. The grinding of alfalfa meal to be mixed with molas amounts to hundreds of thousands of tons and has created a market and a demand alfalfa raised by the farmers in the country surrounding these alfalfa mills, and the farmers will be seriously affected unless the mixed feed industry can go on.

Low-priced molasses makes it possible to feed enormous quantities of grain scr ings and other by-product materials produced in large milling centers such as Minn apolis, Duluth, Kansas City, Chicago, Buffalo, St. Louis, etc. These materials oth wise would have no market and would largely go to waste. The molasses mak many materials palatable which are otherwise unpalatable to live stock. Molas increases the digestibility of other feeds with which it is mixed; it causes live sto to drink more water and become generally more thrifty. Farmers, particularly the beef cattle raising districts, buy large quantities of barrel molasses when it can b obtained at satisfactory prices to feed with home-grown roughage and other materia from the farm. Molasses mixed feeds create a distribution and use for hundreds thousands of tons of cottonseed meal, linseed meal, and other by-product feeds.

Is it not the duty of Congress to build up and protect an industry which empl many thousands of citizens; which encourages and makes profitable the raising live stock, and has a large share in keeping down the cost of living to the entire publ

If it is the desire to increase revenue, that will be defeated by the high duty. I fact, the present high freight rates and other adverse conditions have already seriou checked the importation of blackstrap molasses for feed purposes. The proposed du as covered by the Fordney bill would place a duty of more than 1½ cents per gall on the average blackstrap molasses, and as high as 3½ cents per gallon on some of high testing blackstrap molasses. This is an astonishing rate when it is realized th blackstrap molasses can to-day be bought at gulf ports at about 3 cents per gall and recent sales have been made at North Atlantic ports as low as 2 cents per ga A duty of almost 100 per cent, with a possible 150 per cent, of the market price in country on the average blackstrap certainly would stop its importation. It is unq tionably true that the stoppage in the importation of blackstrap molasses, if the pr posed duty goes into effect, will result in actually less revenue to the Governme than if the duty is arranged so that all blackstrap molasses is permitted to enter a rate not to exceed ¼ cent per gallon.

H. R. 7456, on page 82, line 3, paragraph 503, provides: "Molasses and sir testing not above 48 per centum total sugars, twenty-five one-hundredths of 1 cent p gallon; testing above 48 per centum total sugars, two hundred and seventy-five o thousandths of 1 cent additional for each per centum of total sugars and fraction of per centum in proportion."

It has been represented that the proposed duty under the House bill would all all blackstrap molasses to come in at ¼ cent per gallon; that 48 per cent total suga would allow all blackstrap to enter at the basic rate. This is not so, for virtually n blackstrap molasses tests as low as 48 per cent total sugars by the Clerget meth

etermination, and in the rare instances of such low test the molasses is under suspicion having been adulterated. A fair estimate of the average analysis of blackstrap olasses would be at least 54 per cent total sugars by the Clerget method. This being e average, it will be seen that quite as much would run as high as 60 per cent total ugars as would run as low as 48 per cent, and the duty would be prohibitive even on e average test.

The basing of the duty on the percentage of total sugars is a basis which has never een used in any former tariffs. All former tariffs have been based on a polariscope est of not over 40°. Under this test all blackstrap molasses could enter at the fixed ate of duty. Under former tariffs there was no uncertainty to the importer as to what uty he would have to pay when the goods actually arrived in this country. Under he proposed bill no one could be certain, within a possible 3 cents per gallon, what he duty might be until arrival in this country. The Fordney bill does not provide he method of determining total sugar content.

We are given to understand, through testimony given by a representative of the Jnited States Bureau of Standards before the House Ways and Means Committee, nd otherwise, that the basis of determining total sugars will be the Clerget method. If the Clerget method is used, virtually no blackstrap molasses can enter at the basic ate of duty, unless the proposed bill is altered.

The average total sugar content by the Clerget method of 112 cargoes of blackstrap molasses imported by two leading importers of blackstrap molasses, namely, Penick & Ford (Ltd.), of New Orleans, La., and C. U. Snyder & Co., of Chicago, Ill., is about 54 per cent, as shown by the following itemized statement (Exhibits A and B):

EXHIBIT A.—*Total sugars in blackstrap molasses received by Penick & Ford (Ltd.), (Inc.), New Orleans, La.*

Ex-tanker.	Sucrose by polariscope.	Reducing sugars.	Total sugars by polariscope method.	Proposed duty.		Sucrose by Clerget method.	Reducing sugars.	Total sugars by Clerget method.	Proposed duty.	
				Per gallon.	Per ton.				Per gallon.	Per ton.
				Cents.					*Cents.*	
Rochelle	25.6	19.42	45.02	0.25	$0.43	35.16	19.42	54.58	2.0595	$3.52
Macoris	28.4	17.24	45.64	.25	.43	35.54	17.24	52.78	1.5645	2.68
J. O. Boyd	26.4	20.84	47.24	.25	.43	36.03	20.84	56.87	2.6892	4.60
Inspector	24.8	26.32	51.12	1.108	1.89	32.21	26.32	58.53	3.1457	5.38
Santa Rosa	29.6	18.52	48.12	.283	.48	35.24	18.52	53.76	1.834	3.14
Do.	29.6	20.00	49.60	.69	1.18	35.94	20.00	55.94	2.4335	4.16
Do.	26.4	23.81	50.21	.8577	1.47	34.47	23.81	58.18	3.0495	5.21
Nelson	28.0	22.73	50.73	1.0007	1.71	34.54	22.73	57.27	2.7992	4.79
Do.	26.0	27.78	53.78	1.8395	3.15	34.15	27.78	61.93	4.0807	6.98
Do.	28.8	20.84	49.64	.701	1.20	34.76	20.84	55.60	2.34	4.00
Tilford	28.0	20.00	48.00	.25	.43	34.53	20.00	54.53	2.0457	3.50
Louisiana	24.0	26.32	50.32	.888	1.52	30 96	26.32	57.28	2.802	4.79
Sucrosa	28.0	20.84	48.84	.481	.82	33.58	20.84	54.42	2.0155	3.45
Nelson	29.6	20.84	50.44	.921	1.57	36.63	20.84	57.47	2.8542	4.88
Cubadist	31.2	17.86	49.06	.5415	.93	33.33	17.86	51.19	1.1272	1.93
Do.	26.0	19.23	45.23	.25	.43	32.45	19.23	51.68	1.262	2.16
Do.	31.2	17.55	48.75	.4562	.78	36.26	17.55	52 90	1.5975	2.73
Nelson	29.4	18.87	48.27	.3242	.55	36.94	18.87	55.81	2.3977	4.10
Cubadist	22.4	18.35	40.75	.25	.43	32.85	18.35	51.20	1.13	1.93
Mielero	26.0	17.86	43.86	.25	.43	33.49	17.86	51.35	1.1712	2.00
Cubadist	23.2	16.97	40.17	.25	.43	32.94	16.97	49.91	.7752	1.33
Do.	29.2	17.24	46.44	.25	.43	36.73	17.24	53.97	1.8917	3.23
Marti	30.2	14.50	44.70	.25	.43	35.61	14.50	50.11	.8302	1.42
Regina	25.6	14.93	40.53	.25	.43	38.45	14.93	53.38	1.7295	2.96
Do.	32.8	19.23	52.03	1.3582	2.32	39.59	19.23	58.72	3.198	5.47
Nelson	26.4	17.02	43.42	.25	.43	34.87	17.02	51.89	1.3197	2.26
Mielero	21.6	18.45	40.05	.25	.43	34.52	18.45	52.97	1.6167	2.76
Cubadist	24.0	18.18	42.18	.25	.43	35.58	18.18	53.76	1.834	3.14
Santa Rosa	24.0	16.13	40.13	.25	.43	33.57	16.13	49.70	.7175	1.23
Marti	28.9	17.54	46.44	.25	.43	36.30	17.54	53.84	1.856	3.17
Nelson	25.6	23.25	48.85	.4837	.83	32.67	23.25	55.92	2.428	4.15
Do.	30.8	19.23	49.31	.6102	1.04	37.15	19.23	56.38	2.5545	4.37
Cubadist	30.6	18.52	49.12	.558	.95	38.16	18.52	56.68	2.637	4.51

EXHIBIT B.—*Analyses made by Dr. Carl S. Miner, of the Miner Laboratories, of Chicago, Ill., on cargoes of Cuban blackstrap.*

Steamer.	Date.	Moisture.	Protein.	Ash.	Total sugars by Clerget method.	Total carbohydrates.	Price [illegible] delivered, du[illegible] paid, in ste[illegible] tank, Mobile [illegible] New Orle[illegible]
							Cents
Louisiana	Apr. 13, 1914	23.5	3.9	7.8	53.8	64.8	[illegible]
Nelson	Apr. 18, 1914	23.6	4.6	8.1	54.7	63.7	[illegible]
Louisiana	May 14, 1914	25.6	5.0	8.8	51.3	60.6	[illegible]
Northwestern	June 4, 1914	23.6	3.6	7.1	52.5	65.7	[illegible]
Louisiana	June 11, 1914	22.5	3.6	6.9	53.2	67.0	[illegible]
Currier	Aug. 15, 1914	23.1	4.4	7.5	48.8	65.0	[illegible]
Nelson	Sept. 10, 1914	23.6	3.8	7.4	52.4	65.2	[illegible]
Alabama	Sept. 21, 1914	22.5	3.6	7.2	51.8	66.7	[illegible]
Louisiana	Oct. 11, 1914	22.5	3.9	7.7	51.8	65.9	[illegible]
Do	Oct. 20, 1914	23.4	3.7	7.1	51.3	65.8	[illegible]
Alabama	Dec. 9, 1914	21.8	3.9	7.4	52.2	66.9	[illegible]
Currier	Feb. 5, 1915	20.1	3.4	6.8	53.8	69.7	5 and [illegible]
Nelson	Feb. 22, 1915	20.5	5.2	8.5	52.9	65.8	[illegible]
Alabama	Mar. 15, 1915	19.9	2.8	7.8	57.5	69.5	[illegible]
Northwestern	Mar. 23, 1915	23.6	3.4	7.2	52.4	65.8	[illegible]
Guffey	Apr. 12, 1915	22.8	3.4	11.4	50.6	62.4	[illegible]
Louisiana	May 2, 1915	22.4	2.8	8.6	50.33	66.2	[illegible]
Northwestern	May 7, 1915	20.3	3.8	7.8	50.3	68.1	[illegible]
Regina	June 2, 1915	22.4	5.4	8.8	51.47	63.4	[illegible]
Guffey	June 10, 1915	22.8	3.6	7.5	50.36	66.1	[illegible]
Sun	June 13, 1915	24.3	3.6	8.2	49.11	63.9	[illegible]
Nelson	July 20, 1915	23.4	3.2	7.5	51.8	65.9	[illegible]
Do	Aug. 26, 1915	21.6	3.7	8.2	51.0	66.5	[illegible]
Do	Sept. 8, 1915	22.8	4.1	7.4	48.0	65.7	[illegible]
Currier	Sept. 30, 1915	24.7	3.6	7.6	51.5	64.1	[illegible]
Regina and Marti	Nov. 24, 1915	21.6	3.4	7.3	67.7	53.0	[illegible]
Do	Dec. 30, 1915	27.3	4.2	6.3	51.77	62.2	[illegible]
Do	Jan. 22, 1916	24.4	5.2	9.0	48.66	61.4	[illegible]
Do	Feb. 7, 1916	24.0	2.8	6.2	55.23	67.0	[illegible]
Currier	Feb. 24, 1916	23.0	3.3	5.9	57.17	67.8	4½ and [illegible]
Hanify	Apr. 6, 1916	21.1	2.4	7.3	57.8	69.2	[illegible]
Nelson	May 8, 1916	25.4	4.7	5.0	54.13	64.9	[illegible]
Hanify	May 26, 1916	25.0	4.1	6.4	58.38	64.5	[illegible]
Do	June 13, 1916	25.4	4.8	6.4	53.15	63.4	[illegible]
Nelson	July 6, 1916	24.6	4.0	6.8	51.76	64.6	[illegible]
Hanify	July 22, 1916	26.0	5.0	5.8	46.9	63.2	[illegible]
Currier	Aug. 12, 1916	27.8	4.2	4.3	52.2	63.7	[illegible]
Hanify	Aug. 20, 1916	23.8	4.3	6.3	51.7	65.6	[illegible]
Do	Sept. 21, 1916	23.69	5.69	6.7	52.15	63.92	[illegible]
Do	Oct. 11, 1916	27.09	4.03	6.55	51.03	62.33	[illegible]
Regina and Marti	Nov. 4, 1916	22.4	4.4	8.1	51.65	65.1	[illegible]
Do	Nov. 28, 1916	25.6	5.5	5.9	51.01	63.0	15½ and [illegible]
Do	Dec. 19, 1916	26.82	5.6	6.33	49.31	61.25	9.6 and [illegible]
Do	Feb. 7, 1917	27.16	4.2	6.45	52.79	62.19	9.6 and [illegible]
Currier	Feb. 23, 1917	28.11	3.8	5.8	52.63	62.29	[illegible]
Sucrosa	Apr. 29, 1917	27.0	4.1	5.3	53.61	63.6	[illegible]
Do	May 29, 1917	26.0	4.3	6.0	53.62	63.7	[illegible]
Do	Aug. 20, 1917	27.6	4.7	5.4	53.00	62.3	[illegible]
Cubadist	Dec. 3, 1917	28.6	4.2	4.7	50.20	62.5	[illegible]
Sucrosa	Dec. 29, 1917	25.3	4.2	4.4	51.77	66.1	[illegible]
Do	Mar. 26, 1918	20.8	5.1	5.7	52.4	68.4	[illegible]
Cubadist	Apr. 5, 1918	23.3	5.2	6.4	52.61	65.1	[illegible]
Sucrosa	May 3, 1918	24.0	4.7	6.5	49.77	64.8	[illegible]
Cubadist	May 18, 1918	26.0	4.6	5.5	51.13	63.9	[illegible]
Do	July 8, 1918	26.2	4.7	5.0	52.18	64.1	15[illegible]
Do	July 18, 1918	22.4	5.6	6.2	48.43	65.8	15[illegible]
Do	Aug. 13, 1918	24.4	4.7	4.8	51.37	66.1	15[illegible]
Mielero	Sept. 21, 1918	20.3	3.5	5.0	54.00	71.2	15[illegible]
Nelson	Sept. 27, 1918	23.5	4.1	5.1	50.66	67.2	15[illegible]
Do	Oct. 18, 1918	19.1	5.4	6.8	50.81	68.7	15[illegible]
Sucrosa	Nov. 16, 1918	23.6	5.3	7.3	48.60	63.8	15[illegible]
Do	Dec. 2, 1918	21.7	5.1	7.6	50.49	65.6	15[illegible]
Cubadist	Dec. 29, 1918	23.3	4.6	5.1	50.97	67.0	15[illegible]
Mielero	Feb. 1, 1919	24.6	6.1	6.9	51.94	62.4	[illegible]
Do	Feb. 19, 1919	23.6	4.2	7.4	49.8	64.8	[illegible]
Do	Mar. 16, 1919	24.3	4.8	7.1	51.56	63.8	[illegible]
Do	Mar. 28, 1919	24.2	5.0	7.0	52.42	63.8	[illegible]
Cubadist	Apr. 15, 1919	21.3	5.1	6.7	52.78	66.9	[illegible]
Sucrosa	Apr. 22, 1919	24.1	4.2	6.2	52.36	65.5	[illegible]
Do	May 4, 1919	24.3	3.9	6.4	51.00	65.4	[illegible]
Mielero	May 23, 1919	20.7	5.6	6.5	52.77	67.2	[illegible]
Do	June 4, 1919	22.0	4.9	6.5	53.25	66.6	[illegible]
Cubadist	July 22, 1919	25.7	3.7	5.6	49.61	65.0	[illegible]
Do	July 31, 1919	24.9	4.1	7.0	50.12	64.0	[illegible]
Mielero	Sept. 14, 1919	23.5	3.8	8.9	52.21	63.8	[illegible]
Do	Sept. 21, 1919	26.2	3.9	5.9	50.37	64.0	[illegible]
Do	Oct. 13, 1919	25.7	3.8	5.9	49.89	64.6	[illegible]
Do	Nov. 9, 1919	20.4	5.0	6.3	50.84	68.3	[illegible]
Do	Dec. 20, 1919	24.2	5.1	5.9	50.92	64.8	[illegible]

We are informed that other importers' shipments average about the same.

Under the terms of the proposed bill and by noting the itemized statements of these two importers it will be seen that virtually no blackstrap molasses reaches the minimum of 48 per cent total sugars by the Clerget method, and that a total sugar content is occasionally reached as high as 60 per cent. With an average of 54 per cent total sugars, it will be seen that instead of assessing a duty of one-fourth cent per gallon, this bill assesses a duty on the average of more than 1¾ cents per gallon, and on some of the higher testing blackstrap molasses more than 3¼ cents per gallon, or more than 100 per cent duty based on to-day's American duty paid valuation for blackstrap molasses.

The attached statements, Exhibits 1 and 2, show six typical cargoes of blackstrap molasses imported by the American Sugar Refining Co. from Cuba during the early months of 1921:

Exhibit 1 shows sucrose content by polariscope, sucrose content by Clerget method, invert sugars, and total sugars by Clerget method.

Exhibit 2 is statement showing comparison of rates and amounts of duty applied to these six typical cargoes based on the actual duty paid under tariff effective prior to May 28, 1921, and amount of duty which would be paid on these same cargoes as proposed by the Fordney tariff bill.

The Fordney tariff would increase the duty over the actual duty paid 370 per cent. An inconsistency in the proposed Fordney bill might well be pointed out here in that the extra duty for each 1 per cent of total sugars over 48 is greater than the amount assessed on the original 48 per cent. Certainly if 48 per cent total sugars may come in for one-fourth cent per gallon, it is inconsistent to assess each additional 1 per cent two hundred and seventy-five one thousandths of 1 cent per gallon.

EXHIBIT 1.—*Sugar tests of six typical cargoes of blackstrap molasses imported by American Sugar Refining Co. from Cuba.*

Date of arrival at New Orleans.	Cargo No.	Sucrose by polariscope.	Sucrose by Clerget method.	Invert sugars.	Total sugars by Clerget method.
Jan. 14, 1921	29	28.1	35.75	15.78	51.53
Feb. 5, 1921	30	29.1	36.38	10.42	46.80
Mar. 6, 1921	31	30.2	37.48	16.00	53.48
Apr. 4, 1921	32	31.2	38.22	14.48	52.70
Apr. 19, 1921	33	32.2	39.28	14.81	54.09
May 13, 1921	34	33.3	39.55	14.52	54.07

EXHIBIT 2.—*Statement showing comparison of rates and amounts of duty applied to the six typical cargoes of blackstrap molasses imported by American Sugar Refining Co. from Cuba referred to in Exhibit 1.*

Cargo No.	Gallons.	Total sugars.[1]	Actual duty paid.[2]		Duty based on Fordney bill as passed by House would be[3]—	
			Cents per gallon.	Total.	Cents per gallon.	Total.
		Per cent.				
29	478,253	51.53	0.27	$1,291.28	0.976	$4,567.75
30	524,146	46.80	.27	1,415.19	.200	1,048.29
31	653,063	53.48	.27	1,763.27	1.405	9,175.54
32	660,090	52.70	.24	1,584.22	1.233	8,038.91
33	662,324	54.09	.24	1,589.58	1.539	10,193.17
34	691.051	54.07	.24	1,658.52	1.535	10,607.63
Total	3,668,927			9,302.06		43,631.29
Average duty			.253		1.189	

[1] Total sugars: Sucrose by Clerget method plus invert sugar (reducing sugars).

[2] Actual duty paid on Underwood tariff: 15 per cent ad valorem, full duty, less 20 per cent for Cuba; appraised valuation 2¼ cents per gallon during first quarter 1921 and 2 cents per gallon since that time.

[3] Duty based on Fordney tariff as passed by House: One-fourth cent per gallon on molasses and sirups testing not above 48 per cent total sugars, and 0.275 cents additional for each per cent of total sugar, fractions in proportion, less 20 per cent for Cuba.

Percentage of increase duty based on Fordney tariff as passed by House over actual duty paid (Cuban), 370.

The Fordney tariff, as passed by the House, on the average of the six typical cargoes referred to above, on an ad valorem basis at present appraised valuation of 2 cents per gallon, shows the following comparison:

	Full duty.	Duty, allowing Cuban preferential of 20 per cent.
	Per cent.	*Per cent.*
Fordney tariff	74.3	59.4
Underwood tariff	15.0	12.0

Blackstrap molasses can not be kept uniform and can not be purchased at any specific total sugar content. The sugar content of blackstrap molasses is dependent upon a great many factors—the efficiency of the extracting plant, the condition of the cane, the season of the year, weather and soil conditions, etc. The run of to-day from a given factory may test differently than the run of to-morrow. The molasses from an individual factory is all run into a storage vat. The run of to-day must be mixed with the run of to-morrow, and the run of several weeks or months may be stored in one vat. This molasses is pumped out of the storage tank at the sugar factory, on the island of Cuba, for instance, and put into an enormous storage tank, which may contain the product of a large number of sugar factories. It can not be kept separate and is all run together. Even with this method of handling it does not mix, and different samples from different parts of a tank or steamer show widely different analyses.

It is pumped out of this large storage tank at the seaboard into tank steamers and is brought to the American seaboard and is there pumped into other large storage tanks, which may be partially filled with other molasses. There is no way in which the buyer when he purchases blackstrap molasses, either in Cuba or in America, can know what sugar content he is going to get. He may buy on a guaranteed minimum of, say, not less than 48 per cent total sugars, for blackstrap molasses rarely if ever runs under that figure, but he can not buy on a guaranty that it will not run over that amount. Blackstrap with him is blackstrap molasses. He works on general averages and does not and can not discriminate. Blackstrap molasses in one part of a tank steamer or tank can may test higher in sugar content than that in another part of the same tank steamer or tank car. No two chemists were ever known to get identical results from two samples drawn from any particular lot of blackstrap. There is no way of determining what you are going to get when you buy blackstrap molasses; consequently there is no way of getting more money for that which may, under the proposed bill, pay a duty of 3¼ cents per gallon from that which may pay one-fourth cent per gallon.

The cost of blackstrap molasses must be determined in advance of importation; otherwise, to handle it would be a commercial impossibility. The proposed tariff contemplates an unknown duty anywhere from one-fourth cent per gallon to 3¼ cents per gallon, to be determined after the cargo has arrived. If it were possible to import blackstrap molasses at the higher rates of duty suggested by this bill, if an importer were lucky in the lottery and drew some low-testing blackstrap molasses he would be placed in position to put other importers who might have received a high-testing lot temporarily out of business. No feed manufacturer would pay more for the one than for the other, for it could not be handled separately. Moreover, he could not get any more for his finished product than his competitor, who might be using a low-testing lot. On such a variation, which at the present time amounts to more than the market value for blackstrap molasses, no one could take the chance of importing molasses.

Before the emergency tariff the duty was 15 per cent ad valorem, less 20 per cent Cuban preferential, equals 12 per cent net. Based on peace-time valuations of 2 cents per gallon in Cuba, equals 0.24 cent, or practically one-fourth cent per gallon. To-day's valuations would be less than 1 cent per gallon in Cuba, resulting in a duty of one-eighth cent per gallon.

The emergency tariff now in effect calls for 24 per cent ad valorem, less 20 per cent Cuban preferential. equals 19.2 per cent net. On valuation of 2 cents per gallon in Cuba, equals 0.384 cent, or practically one-third of 1 cent per gallon. To-day's valuations in Cuba would be less than 1 cent per gallon, making the duty 0.192 cent, or about one-fifth of 1 cent per gallon.

The permanent tariff is being prepared for years of peace and not for an era of war. Blackstrap in peace years is primarily a feeding material. It is indispensable for the best utilization of millions of tons of farm materials produced in the United States, and a means of making more efficient and valuable the feed grains with which it is fed.

Before imported molasses can compete with domestic molasses it must pay high transportation charges. This in itself is splendid protection for domestic producers of this formerly wasted material. Transportation costs, before these goods reach a parity with domestic goods, are approximately as follows (cents per gallon):

Average freight and tank-car expense in Cuba from plantation to receiving station at Cuban seaport	1.5
Ocean freight from Cuban port to Mobile or New Orleans	1.5
	3.0
Proposed duty on 48 per cent total sugars added	.25
Proposed extra duty on average blackstrap testing 54 per cent total sugars of two hundred and seventy-five one-thousandths of a cent for each 1 per cent total sugars above 48 added	1.65
Total	4.90
Deduct for Cuban preferential	.38
Total transportation and duty expenses	4.52

landed at Mobile or New Orleans, without one cent to the producer for his product or compensation to the importer to cover his investment in large receiving storage tanks, pumping, interest, taxes, tank-car service, and profits.

American blackstrap molasses originates at points taking New Orleans or Mobile rate of freight. Even if blackstrap molasses was admitted free of duty and the Cuban producer received nothing for his molasses and the importer nothing for his services, selling expense, pumping, interest, taxes on his storage tanks both in this country and in Cuba, and on tank cars in this country and in Cuba, the transportation alone would amount to 3 cents per gallon before the goods could be brought to a port in the United States taking the same rate of freight as the stations in Louisiana where blackstrap molasses is produced, and this 3 cents per gallon transportation charge is equal to the present selling price of blackstrap molasses produced in the United States. Sufficient protection certainly for an article whose American market price to-day is not over 3 cents per gallon, and whose normal prewar American market price was not over 5 or 6 cents per gallon. (See statement giving analysis and price of importations, 1914 to 1920, inclusive.)

Blackstrap molasses is produced in the United States in only one restricted locality, namely, the southern part of Louisiana, and there are comparatively few producers of it. For seven years last past the United States has produced less than 8 per cent of its total requirements and only 5.3 per cent of its 1920 requirements.

The following statement shows the Louisiana production and the amounts imported for seven fiscal years from 1914 to 1920, inclusive:

Year.	Dutiable.	From Porto Rico.	From Hawaii.	Total imported.[1]	Louisiana produced in crop year.[2]
	Gallons.	*Gallons.*	*Gallons.*	*Gallons.*	*Gallons.*
1914	51,410,271	15,577,832	4,110,404	71,098,507	11,190,908
1915	70,839,623	12,004,811	5,202,913	88,047,347	7,016,338
1916	85,716,673	16,279,073	8,399,014	110,394,760	14,272,535
1917	110,237,888	18,751,212	10,979,383	139,968,483	12,544,435
1918	130,730,861	14,495,752	14,671,477	159,898,090	16,101,650
1919	130,074,711	15,118,678	11,065,996	156,259,385	6,649,242
1920	154,670,200	15,059,273	9,605,486	179,334,959	10,066,981
Total	733,680,227	107,286,631	64,034,673	905,001,531	77,842,089

[1] Data covering imports taken from Monthly Summary of Foreign Commerce of the United States, published by the United States Department of Commerce.

[2] Production in Louisiana obtained from yearbooks published by Louisiana Sugar Planters' Association, New Orleans, La.

There are also large quantities of refiners' refuse molasses produced in the United States, but this is brought into the country in the form of raw sugar and is the by-product in the refining process.

The feed manufacturers and live-stock feeders accept and believe in the principles of protection to American industry; they believe in a protective tariff on sugar sufficient to allow the American sugar-producing industry to live and prosper. Blackstrap molasses, however, is a by-product commodity, and no duty, no matter how high, will cause one gallon more of it to be produced. The amount which has been produced or which it is possible to produce in the United States is so insignificant compared to the amount which the feed manufacturer and the feed trade of the United States require that protection to the feed trade and the feeders can only come by either allowing blackstrap molasses free entry or by placing the duty so low as to encourage its importation. The feed trade begs of Congress the same protection for its industry in free entry or a low tariff on this, its essential basic raw material, as it grants to other American industries in a protective tariff on their products.

BEET MOLASSES.

It has been shown that the amount of American-produced blackstrap molasses available for feeding and manufacturing purposes is negligible compared with the amount required. Nothing thus far has been said about beet molasses produced in the United States and used in feeding and manufacturing. The amount of blackstrap imported and the amount of duty upon it will have little effect upon either the amount of beet molasses used or the price at which it will sell. Aside from the particular use of beet molasses in the feeding of live stock the demand for it in the manufacture of yeast and other articles for human consumption is rapidly growing. It probably soon will exceed the supply. While some beet molasses is used in feeding it is confined largely to feed for work stock, like horses and mules, and indeed in this class of feeds a premium is usually paid for beet molasses over blackstrap. Beet molasses produces a greener-colored feed than blackstrap, and there is always a demand for green feed. In feeding work animals it is not desired primarily to fatten them, and a smaller amount of molasses is used in these feeds than in feeds for cattle, sheep, and hogs. Again, beet molasses when used liberally in feeds has a tendency to scour the animal, whereas as much blackstrap can be used as the mixture will absorb. This runs as high as 60 per cent of the molasses ration, or 20 to 30 per cent of the total concentrates given the animal. Beet molasses and blackstrap molasses, therefore, come into but limited competition with each other. The uses of the one so far differs from the uses of the other as to make the import duty on the one have little bearing on either the consumption or the price of the other.

There is in normal times sufficient demand in the United States for beet molasses which blackstrap can not satisfy to more than absorb the supply, which fixes the price of beet molasses above the price of blackstrap.

A free entry of blackstrap or a low duty on blackstrap does not imperil either the amount of beet molasses which will be used or the money value of the crop. There is not sufficient American supply in either beet or blackstrap molasses to meet the demand in normal times.

CONCLUSION.

1. On account of the small amount of blackstrap molasses produced in the country and the large amount required to be imported, the imported molasses necessarily fixes the price.

2. The feeders can not afford to use molasses if the price is increased as indicated by the House bill.

3. No importer can undertake to import blackstrap molasses on an uncertainty of rate as proposed by the House bill.

4. Blackstrap molasses must be segregated in the bill from other molasses and sirups and be permitted to enter either duty free or at a low fixed rate of duty.

5. Either the basic total sugar content as proposed in the bill must be raised to an amount so that all blackstrap molasses may enter at the basic rate (that would require a figure approaching 60 per cent total sugars), or—

It should be arranged to go back to the polariscope test as used in all previous tariffs (35° by the polariscope would cover all blackstrap molasses), or—

Inasmuch as the essential in protecting the sugar schedule is the sucrose content, a basis which would consider only sucrose content by the Clerget method could be adopted. (Forty per cent sucrose by the Clerget method would permit all blackstrap molasses to enter at the basic rate.)

6. The United States Tariff Commission, in pamphlet entitled "Tariff Information Surveys," on the articles in paragraph 177 of the tariff act of 1913 and related articles, dated 1921, on page 93, states: "The dividing line between high-grade and low-grade molasses might be fixed at 55 per cent of sweetening matter."

The Tariff Commission's suggestion would barely cover the average blackstrap molasses and would militate against the higher testing grades.

It would be presumptuous on the part of the feed trade to suggest the method for fixing the basis for the enforcement of the proposed law. Congress and the Government departments in their wisdom should do this; but the feed trade desires with all the emphasis at its command to impress the committee with the necessity of fixing some basis whereby all blackstrap molasses, as it is produced and offered for sale, may enter either duty free or at a rate of duty which will not exceed one-fourth of 1 cent per gallon. If this is not done one of our country's most important industries can not go on, and the farmers and feeders will be deprived of an important economic commodity at a reasonable price.

STATEMENT OF GEORGE H. FORSEE, REPRESENTING KANSAS CITY (MO.) HAY DEALERS' ASSOCIATION AND MISSOURI RIVER FEED MANUFACTURERS.

Mr. FORSEE. Mr. Chairman, I would like to say that this is my fourth trip to Washington on this matter since early summer, and considering that I have here been that many times with the understanding that I would be heard on behalf of the interests that I represent, I would appreciate it very much if you would give me the opportunity either now or to-morrow morning of making a statement. I am speaking for some thirty feed mills along the Missouri Valley and for the Kansas City Hay Dealers' Association. On each of my trips to Washington we have had to pass the hat among ourselves to get money enough to pay my expenses, as there is not an institution in these two industries which can afford to have its representative here and pay his entire expense. I am, therefore, representing the entire group from my section of the country.

Senator SMOOT. Misery likes company.

Mr. FORSEE. Yes, sir. That is the condition of our industry on the Missouri River. It takes me two nights and a day to make the trip each way, and having made the trip four times, two for the House hearings and two for the Senate hearings, I feel that I can not go home again and report to our people that I made no effort to be heard in their behalf. I would, therefore, most earnestly request that if our time has expired to-night, or is about to expire, you will hear me as far as you can to-night and give me a few minutes to-morrow morning to complete my testimony.

The CHAIRMAN. You may go ahead, if you only want a few minutes.

Mr. FORSEE. I do want more than a few minutes, Senator; that is just the point. I fear that our hearing will not be considered very important if we seem to be willing to state our case in a few minutes and let it go at that. The molasses hearing is scheduled with the sugar hearing, and we have listened to two days of testimony on sugar, and now if we are willing to have our own end of it—the molasses end—only indifferently presented within 30 or 40 minutes' time I fear that you will think that we are not of sufficient importance as an American industry to be worth protecting.

The CHAIRMAN. The committee is anxious to protect you and in great sympathy with you; but you, like the committee, want to get this bill passed promptly.

Mr. FORSEE. I will say what I have to say as rapidly as I can. If my time has expired before I am through you can so indicate to me, and I will quit. Speaking under pressure, I can possibly boil down what I have to say. Gentlemen, here is the proposition as

we see it in a nutshell: There has grown up in America a system of scientific feeding of live stock. The average man used to feed the stock which he kept on his farm only for the purpose of using his surplus grains and marketing them in that way. But it was found that the American farmer could add to his farming industry another industry, that of feeding cattle for the market. When the farmer began to feed for the market—feeding to put fat on—he realized that his old system of feeding was too slow. That his grains alone and his roughage would require too long a time to round out his cattle and to turn the money which he had in them. Then he found that there were certain concentrates which he could use in connection with his home-grown materials and that the combination would permit him to greatly shorten his feeding period. He could then get his money out of these cattle, reinvest it in another bunch of cattle if he so desired, thus continuing to consume the materials which he raised, and make more money by this process and market more home-grown feeds than he could by the old process. At first he was confined in the use of concentrates principally to two—linseed-oil meal and cottonseed meal. These were obtainable only at comparatively high prices. Usually they were much higher than his home-grown feeds. Then the feeding value of blackstrap, or refuse molasses, was discovered. It was very cheap—seldom, if ever, higher than his home-grown feeds. Not only did this enable him to buy a much cheaper concentrate than he had been able to buy before, but he found that it could be used also as a base for many materials which he could not use before. Many grains and cereals which in themselves were unpalatable made the finest kind of feed when mixed with this molasses.

Again, when a shortage of feeding materials occurred in one section, or a complete shortage of all materials occurred in that section, other materials native to other sections could be gathered at terminal markets, mixed with blackstrap molasses, and be ready to supply the feeders' needs. Thus was not only the section which was short on feeds supplied, but a market was created for grains, cereals, and by-products in the sections where they were plentiful. Feeding operations were thus stabilized and made more certain and greatly reduced in cost. This necessity and demand of the farmer and feeder gave birth to the molasses mixed-feed industry. We who are in the business felt that we were so close to the farmers—so closely identified with his industry, an industry which was primarily producing the bread and meat for the country—that our business was well-nigh impregnable, so far as the common disasters of business are concerned. For instance, we thought that whatever the folks down East here might suffer from the ills following a war, we in the meat-raising and grain-growing sections would be able to furnish all the country with meat and bread at a cheap price, and would be busy all of the time in doing it. Gentlemen, you know the situation now as well as I could possibly bring it to you from my section. The farmer and feeder is almost worse off than anybody, and we in our industry are flat on our backs.

The CHAIRMAN. Can you tell us what agricultural or industrial establishment is not flat on its back?

Mr. FORSEE. No. We are all in the same boat.

The CHAIRMAN. From the Atlantic to the Pacific Ocean that is so.

Mr. FORSEE. We feel, gentlemen, that this tariff on blackstrap molasses as it comes to you from the House will double or treble or possibly quadruple the cost of this molasses, or at least the cost of entry under previous tariff bills. That means that if the schedule as written in the bill by the House is maintained when the bill is passed by Congress that this burden is immediately borne by the farmer and feeder, and I submit, gentlemen, that he is the first man in the United States who ought to have his burdens lightened instead of added to, as he is the basis of the rehabilitation of us all.

Another objection which we urge to this schedule is that it is on a graduated scale. This tariff, as I understand it, runs all the way from one-fourth cent a gallon, based on 48 per cent total sugars, up to about 3 cents a gallon. We do not know, and the farmer does not know, so far as sugar content is concerned, what kind of molasses he is going to get; therefore under this bill none of us know what it is going to cost. But this we do know, that whatever it costs in tariff duties above those of previous bills, the farmer and those allied with the farmer are going to pay for it.

In addition to the live-stock-feed milling industry I oppose this schedule on behalf of the Kansas City Hay Dealers' Association. The hay industry is very large in our section of the country and, like the feed-milling industry, is very closely connected with the farmer and his interests. Alfalfa hay is largely used in connection with blackstrap molasses, and the means of marketing a very large part of this hay is through blackstrap-molasses feed. Hence the interest in this bill of the hay dealers, and back of them the hay-raising farmers.

Senator SMOOT. Would you be satisfied with the rates named in the Payne-Aldrich bill?

Mr. FORSEE. I understand the Payne-Aldrich bill provided a 20 per cent ad valorem duty and that the tax under that bill was about a quarter of a cent per gallon. I think we would be satisfied with that one-fourth cent if we can not get free entry of this essential raw material.

Mr. CHAPMAN. The Payne-Aldrich bill was on an ad valorem basis, and we do not want an ad valorem basis if we can avoid it. We would rather have the quarter-cent specific duty.

The CHAIRMAN. We did not know very much about that blackstrap molasses in the Payne-Aldrich bill; it had not been used as extensively as it is now.

Mr. CHAPMAN. Very true.

Senator CALDER. Twenty per cent was the ad valorem rate.

Mr. CHAPMAN. We do not want the ad valorem rate.

Senator SMOOT. Do you want this blackstrap molasses to come in at 58 per cent and 60 per cent in some cases? The Payne-Aldrich bill did not treat that kind of molasses with any 20 per cent ad valorem.

Mr. FORSEE. It is impossible for us out in our part of the country to determine grades of blackstrap molasses by these technical differences. We know blackstrap molasses as blackstrap molasses. If molasses can be brought into this country for the purpose of feeding, molasses from which no more sugar can be extracted, and it is possible to designate and fix such molasses upon some such costs as we have

had in former bills, then we can hope to get our feeding business back on its feet.

Senator CALDER. Does the witness know whether the corn men and meal men are in favor of this product coming in?

Mr. FORSEE. Do you mean the corn grower?

Senator CALDER. Yes.

Mr. FORSEE. I am, myself, a manufacturer of molasses feeds in the corn belt. My biggest customers are the biggest users of corn, and I might say the biggest growers of corn as well. There is no fight between corn and molasses. Molasses supplements corn and is fed with corn and raises the digestible value of the combination ration. Corn has a digestible value of about 79 per cent; blackstrap molasses has a digestible value of about 90 per cent. Animals eating molasses with corn digest their food better, drink more water, are kept in better condition, and consume more feed which is turned into fat quicker than when they are fed on the same old dry grain ration as corn—corn all the time.

The demand for blackstrap molasses for feeding comes from the corn belt, and the same people who raise corn and sell it to us—and we put corn in all of our mixtures—are the same people who turn around and buy mixed feed with the molasses content in it. For cattle feeding, sheep feeding, and hog feeding the corn grower and corn feeder want all of the molasses that the mixture will absorb, and this will run as high as 60 per cent molasses.

Senator CALDER. What I had in mind was whether you knew whether the corn men and meal men were very much in favor of legislation to put this on the free list?

Mr. FORSEE. You mean the farmers?

Senator CALDER. Yes.

Mr. FORSEE. I do not know of any organization of farmers that is acting one way or the other. We have, however, one of the biggest feeders in our section of the country sitting here with us.

Senator CALDER. I am thinking of the corn growers and the farmers chiefly. What is their attitude?

Mr. FORSEE. They want cheap concentrates. If you take molasses away or raise the price of molasses, you will force them into giving up their cheapest concentrate. They will then have to fall back on such things as cottonseed meal and linseed-oil meal for a concentrate, and they will always cost more than molasses. Indeed the use of cottonseed meal and linseed-oil meal is greatly helped, the value is greatly increased, by feeding molasses with them, and the price of these concentrates is brought down. The farmer must have something to feed with his home-grown grains. He must shorten his feeding period. He must reduce this period from six months or a year under the old method to 75 or 100 days. At least he wants to do this, and knows that he can do it by scientific feeding.

It has been only since the advent of molasses feed that there has grown up in the West the cattle-feeding business as a business. It is incident to farming in our section of the country, it is necessary in farming, and the combination farmer and feeder is the one who does best in both lines. Feeding has taught the farmer to turn over his investment as often as possible, and it has brought other up-to-date business methods to the farm. Of course, there are a large number

of men—or, at least, there were—who feed cattle as a business and who do not necessarily farm, but the records show that 80 per cent of the cattle feeders are both farmers and feeders. That is about the only class that we have left, as there have been millions lost in the cattle business the last several years, and hundreds of cattlemen who thought they were comfortably fixed for life have been wiped out as clean as the top of this table [illustrating].

Senator SMOOT. The Payne-Aldrich bill provided 20 per cent on molasses testing not above 40 degrees; 40 degrees and not above 56 degrees, 2 cents per pound; above 56 degrees, 6 cents a gallon. Are those duties satisfactory to you?

Mr. FORSEE. I do not know, Senator Smoot; I am not technical enough to know how these things figure out. I simply know that this traffic will not stand, in a tariff way, more than around a quarter of a cent per gallon, and I also know that a great American industry and a great agricultural industry will be enormously helped if this material, nearly 90 per cent of which we can not get in this country, is permitted to come in free. I understand that the 40 per cent spoken of is 40 per cent by the polariscope, whereas this bill fixes the duty, or duties, on a sliding scale of sugar content. We want a maximum of a quarter cent a gallon, and as much under that as possible.

Senator SMOOT. In molasses testing what degree? Forty degrees is one thing, but 60 degrees is quite another thing, because you can take 60-degree molasses and you can make sugar of it, I think, profitably.

Mr. FORSEE. If you will trace a cargo of molasses through to us in Kansas City you will not have any fear sugar will be made out of it. But here is the point in regard to a sliding scale: I can not go out to a feeder and say, "I want more money this time for the same feed that I sold you last week, because this feed has molasses in it that tests 57 per cent sugar, whereas the feed that I sold you last week had molasses in it that tested 52 per cent sugar." We can not operate on a scale of that kind.

Senator SMOOT. You have been operating all the time on it, ever since you first made the product.

Mr. FORSEE. It has all been sold to us at a definite fixed price; there has been no difference in price between one tank car coming to us and another. If there has been a difference in the tariff duty between cargoes coming to America, it has not been reflected in the sale price to us. I am not a molasses importer, neither am I a molasses expert, and sucrose and Clerget and polariscope and the other technical terms used in these hearings I know nothing about except what little I have absorbed from these hearings. But I do know that here is a product that we have been selling to the farmer at a fixed price and to meet a long-felt want, and that under the proposed bill, with a sliding scale of duty, the tariff will run from a quarter of a cent up to 2.75 cents a gallon, which will make it almost impossible to merchandise the material.

There is just one other thing I want to touch on here that has not been touched on, and that is the difference in the use between cane molasses and beet molasses. I feel that unless this is made clear you will not realize that there is a marked difference in the use of

these two in feeding. I manufacture both cane and beet molass feed. Beet molasses is used in horse and mule feeding almost en- tirely; cane molasses is used in cattle, hog, sheep, and dairy feedin almost entirely. We do not sell feed with beet molasses in it fo fattening purposes, for the reason that beet molasses is quite lax tive, and when it is put into feeding rations in comparatively lar amounts, say 40 to 60 per cent, it produces scouring. Only a limite amount of molasses, or a limited percentage, is used in horse and mul feeding, as the purpose of that feed is not to fatten the animal, as the purpose in feeding meat animals. Beet molasses makes a gre feed, and the average horse and mule owner likes green feed and wi ordinarily pay more money for it than for a brown feed. Blac strap makes a dark-brown feed usually. Horse and mule feed usually retailed a few sacks at a time, and the greener it is the bett the dealer can sell it. There will always be a sufficient deman this country for a green feed to absorb the supply of beet molass and this demand will be quite independent of the demand for the use of cane or blackstrap. I am speaking, of course, of norm times. At the present time there is little demand for anythin In addition to this particular demand in feed for beet molass there is an increasing demand for it for the making of yeast vinegar, and we, in the feed business, will have to compete in th matter of price with the yeast and vinegar people in the purchas of beet molasses if we are going to continue to supply a green fee This combination of uses will, in my judgment, not only more th absorb the beet supply, but it will fix a price for beet independ and higher than the price for cane. I do not consider, therefor that cheap cane molasses will affect either the amount of be molasses used or the price of beet molasses in the market.

STATEMENT OF FLOYD M. WILSON, REPRESENTING ALFALF MILLING INDUSTRY OF COLORADO, WYOMING, NEW MEXIC AND KANSAS.

Mr. Wilson. I am here to represent the interests of alfalfa mills in Colorado, Wyoming, New Mexico, and Kansas. We have in t West a comparatively new industry, the milling of alfalfa.

The use of alfalfa meal is dependent almost wholly upon blackst molasses, and that is the reason we are here. If the molasses i dustry is affected, and if the tariff is such as to make the importat of blackstrap for feeding purposes prohibitive, the big alfalfa-milli industry in the West will have to go out of business.

Senator Smoot. Does that industry use beet-sugar molasses?

Mr. Wilson. We ship all the meal we manufacture to eastern a southern markets, Senator, and it is there mixed with blackstrap some beet molasses; but when business conditions are normal there not nearly enough beet molasses for feed mixing to supply the deman at least I am told so by our customers. You understand that simply grind the alfalfa hay into meal and sell it direct to the mix feed plants in the South and East.

At the stockyards in Denver I am advised that oftentimes they cane molasses, or blackstrap, in feed mixtures in preference to be

That is all I care to say, gentlemen. The marketing of alfalfa m is almost entirely dependent upon the use of blackstrap molasses.

(Following is the brief of Mr. Wilson:)

The purpose of this brief is to bring to the attention of the Finance Committee the ;ee relationship existing between the blackstrap-molasses industry and the alfalfa illing industry, showing that the outlet for alfalfa meal is dependent almost wholly on the commercial availability of blackstrap molasses at a relatively low cost; rthermore, that the enactment of the Fordney tariff bill as it now stands would sult in raising the cost of molasses-alfalfa feeds $2 to $3 per ton, which would add the economic problems of cattle feeders as well as other users of mixed feeds, curiling the demand for alfalfa meal, thereby seriously injuring the alfalfa milling dustry and, indirectly, the alfalfa farmer.

The alfalfa milling industry is engaged in the grinding of alfalfa hay into a mealy oduct, which is commercially known as alfalfa meal. This meal is packed in 0-pound sacks and marketed direct to the farmers, feeders, and mixing plants roughout every section of the East, South, and Midle West, the principal markets ing Tampa, New Orleans, Birmingham, Little Rock, Memphis, Cairo, St. Louis, ansas City, Omaha, Cincinnati, Chicago, Milwaukee, Minneapolis, Norfolk, Philadelia. Pittsburgh, Buffalo, and Boston. To-day there are approximately 75 alfalfa mills st of the Missouri River, representing an investment aggregating $3,000,000. These ills are located in rural communities, and their successful operation means not ly much to the farmers in affording a convenient cash market for their product, t a great many thriving little towns in the West are dependent to a marked degree on the labor pay roll of the alfalfa mills, In fact, we do not think there is an instry in the United States that works as close to the field and farmer and upon hich the farmer is locally so dependent. Therefore, if the "home" alfalfa-hay arket is not to be disturbed and the thrift and growth of country towns is not to impeded, nothing should be done through the enactment of a tariff bill that will ifle or slow down alfalfa milling—so distinctly a rural enterprise.

During the period of depression the past year alfalfa mills have been forced to spend operations the greater part of the time. High freight rates have demanded heavy toll. However, with the resumption of the feed business now in sight and further reduction in freight rates contemplated, it would, indeed, be disastrous if ese economic benefits would be more than offset by a tariff which would result in creasing the cost of alfalfa-molasses feeds. This character of feed has the indorsent of all practical feeders and farmers, as well as State agricultural colleges and vernment feed experts.

We believe it is a fact that as much as nine-tenths of the blackstrap used by feeders imported from Cuba. If this statement is true (and Government reports and statics so indicate), the free entry of blackstrap molasses would result in far greater onomic benefit to the farmers and stock growers than could possibly be derived by ing a duty on this sugar by-product. We believe the tariff as fixed by the Fordney ll would prove commercially impracticable. The importer would be unable to termine just what a cargo of molasses would analyze until after it had reached the rt of entry, and therefore could not make "future" quotations to the feed trade on flat per-gallon basis. The feeder is little concerned as to variations in sugar content d will not pay a premium for molasses carrying a relatively higher percentage of gar. Alfalfa-molasses feeds necessarily are cheap and bulky products, which will t admit of going on a scientific chemical-analysis basis except where a wide range analyses is allowed. If blackstrap molasses is admitted on a flat basis, with the nge of sugar content from 48 to 60 per cent, it would allow the importer to figure ith a degree of certainty the cost of his product. On the other hand, if the duty assed would be from one-fourth cent to 2½ cents per gallon, according to sugar ntent, the molasses market would be in a chaotic condition and the mixed-feed dustry would be demoralized and discredited with the farmer and feeder on account varied and constant fluctuations in price.

The protein analysis of alfalfa meal varies from 11 to 17 per cent. Oftentimes the reener hay will run much lower in protein than hay that is off color. It would be st about as practical to sell alfalfa meal on an 11 per cent minimum basis, with an ditional charge of 25 cents per ton per each per cent of protein over 11 as it would attempt to sell blackstrap molasses to stock feeders where the import duty varies m one-fourth cent to 2½ cents per gallon. The low-priced stock-feeding industry is sed on too close a competitive basis to admit of such constant variations in the st of raw materials.

Again, we would respectfully call your committee's attention to the fact that the alfa milling industry of the West is dependent almost wholly upon the commercial ailability of blackstrap molasses for feeding purposes. Alfalfa meal is the only own absorbent, in the line of feed, for molasses. A free entry of blackstrap or a w duty on a flat basis will help to insure the life and prosperity of the alfalfa illing industry.

STATEMENT OF FRANK C. JONES, REPRESENTING THE EASTERN FEDERATION OF FEED MERCHANTS, BULLVILLE, N. Y.

Mr. JONES. I am going to try to be just as brief as I possibly can. From the record it would show that I am representing the Eastern Federation of Feed Merchants, which is an organization composed principally of retail feed merchants throughout the East. I am asking nothing in their behalf, but what I shall ask will be for the dairy farmer of my section.

In order to ascertain how much blackstrap molasses is being used for feeding purposes in the territory of the organization, I sent on December 1 a questionnaire asking a few more than 300 dealers these questions:

> How many tons of feed containing molasses have you sold during 1921 or have under contract for delivery prior to December 31 this year?

The second question was:

> How many gallons of feed molasses have you sold during 1921 or have under contract for delivery before December 31 this year?

The members of this committee, and especially the members who come from New England and Pennsylvania and New York State, know that the farmers of those States buy almost their entire requirements of commercial feeds; in other words, they grow none on their farms excepting some roughage. The result of this questionnaire:

We received 1 or 2 more than 200 returns, and it showed that [illegible] were handling molasses and molasses feeds. The total number of tons of molasses feeds that were handled by these 200 men was 14,839 tons. The total number of gallons of molasses in its raw state as sold by these men was 358,300 gallons.

The membership of the Eastern Federation is scattered over the six New England States and New Jersey, New York, and Pennsylvania, and there are more than 6,000 dealers in these nine States.

On the basis of the ratio of 2 to 1 obtained by the questionnaire, 4,000 of the 6,000 dealers are handling molasses and molasses feeds. Therefore if 200 dealers sold 14,839 tons of molasses feeds and 358,300 gallons of molasses, it is fair to assume that the 4,000 have sold twenty times these amounts, or 296,780 tons and 7,166,000 gallons of molasses.

The manufacturers of molasses feed tell me that the average amount of molasses used in molasses feeds is 30 per cent of the weight, or [illegible] gallons per ton of feed. Following out the calculation on that basis, 296,780 tons require 14,839,000 gallons of molasses, or a total number in molasses in feed and in liquid molasses of approximately 22,000,000 gallons.

Importers of blackstrap molasses submit figures which show that the average of blackstrap contains 54 or 55 per cent of total sugars. Under the proposed schedule, the average blackstrap would pay [illegible] cents per gallon duty, which applied to the 22,000,000 gallons would amount to a trifle over $330,000. This amount seems small as figures go these days, but it is to be placed on those who are engaged in an industry who are unable to stand this. I speak of the dairy farmer.

If other conditions of the dairy farmer of my section were in his favor, perhaps he would not feel this three hundred and thirty thousand and odd dollars. But to-day he is forced to pay $90 to $150 apiece for [illegible]

dinary grade cow. This cow is forced to the limit of milk production, d she is all through in about three to five years. Then here is what ppens: A good customer of mine about three weeks ago had two cows at were not with calf, and their milk production had fallen below the nount that would bring him any profit, and he put them in a car d shipped them to the Jersey City market along with some stock some other farmers. They sold for the enormous sum of 1½ cents r pound, Jersey City. Out of that he had to pay freight and mmission, and when he returned home, after paying $5 car fare, th no other expense, he had just exactly $14 for his two cows. iree years ago he could have received for those two cows in the me market perhaps not less than $60 or $75 each.

So when it comes to the selling of his stock, after he is all through ith it, he gets nothing for it.

In the little village where I live there are two creameries receiving ,000 or 12,000 quarts of milk daily to be shipped to New York. ist before I left home, I learned that one of these would pay $2.30 r 100 pounds for 3 per cent milk for November. Allowing the erage to be 3.8 per cent butter fat, the dairyman receives $2.62 r hundredweight, or 5.58 cents per quart. Deduct from that nount what he has to pay for the commercial feeds, and he will ive approximately 3¾ cents per quart, out of which he has to pay e hired man, if he is fortunate enough to find one, taxes, interest, id other incidental expenses.

Some Member over in the House of Representatives made the statement that the demand for the reduction has not come from the conimer. I frequently call on the feed and grain stores all over the secon of the territory which I represent, and talk with their customers s they come and go. I have in at least 100 instances brought up the uestion of duty on blackstrap molasses, and I find that they are nalterably opposed to it, and have used the same argument that I ave used, that they can not afford to pay any more than they are aying at the present time.

One month ago the dairymen of this very section were represented efore this committee by Mr. Holman, the secretary of a large assoiation of milk producers; by Mr. Putnam, of New Hampshire; Mr. ess, of Maine; Mr. Leech, of Vermont; and Messrs. Bronson and ambeen, of Massachusetts, asking for an upward revision of the riff as to milk and milk products.

I respectfully submit that, in my opinion, it would seem to be consistent if Congress, with its strong right arm, hands out to those airymen protection for milk and milk products and, with the other, ikes away by imposing a duty on the very essentials of milk prouction that they are forced to buy.

These 6,000 retail feed merchants are the men who rub elbows with he dairymen every business day in the year and know some of his roblems. They visit the farms; they see the cows milked, and they now at least some of the problems, and they help to carry some of he financial burdens.

I made that statement not very long ago to a small bunch of men, nd some joker in the crowd said:

At the end of the month, you take his milk check and apply it to the feed bill and ite a note for the balance.

I am a frank believer in the protection of American industry, bu in this instance the industry is so small in comparison with the thre that are already suffering—namely, the dairyman, the stock feeder and the feed manufacturer—that I am prone to ask for their benefi that blackstrap molasses be permitted to enter this country free o duty.

STATEMENT OF J. B. EDGAR, REPRESENTING EDGAR-MORGA CO., MEMPHIS, TENN.

Mr. EDGAR. I appear representing the feed manufacturers of Mem phis. I want to indorse Mr. Chapman's remarks and his brief, which I think will cover the case fully in a general way.

Memphis is a very important point in the manufacture of mixe feeds. There are 12 mills there representing an investment o $12,000,000, employing more than 1,000 men, and with a capac of some 3,500 tons of feed daily. That industry is on its back to-day as are all industries connected with agriculture, and it is my fir belief that anything added to the cost of our basic raw materia— blackstrap molasses—will mean bankruptcy for a large number concerns in that business.

I am not going to take your time with explanations, but I will as the privilege of making a statement in writing.

The CHAIRMAN. You may file it.

(The brief is as follows:)

The manufacturing of mixed feeds is one of the largest industries of Memphi There are 12 feed mills located in Memphis, with a total daily capacity of more th 3,500 tons. These mills represent an investment of more than $6,000,000, and em at least 1,000 people in various capacities.

The feed business at Memphis has grown rapidly since the introduction of blac strap molasses as a feed material. Because of its palatability and effect on the dig tive system, blackstrap molasses is a necessary ingredient in mixed feeds for m purposes. It is the basic raw material of the industry. There is no other feedi stuff which can economically take its place in modern scientific feeding schedul The large feed-manufacturing industry is thus dependent upon the availabi of an adequate supply of blackstrap molasses at a reasonable price. By the u blackstrap molasses our cotton growers and live-stock producers effect an enor saving annually in their feeding cost.

The feed manufacturer of Memphis is barely existing during the present busin depression. In my judgment, the mixed-feed industry will be practically destro if the prohibitive tariff on blackstrap provided under the Fordney bill is added our present difficulties.

The feed manufacturers of Memphis ask that blackstrap molasses be placed the free list in order that the feed industry and the live-stock feeders of this coun may be protected on their basic raw material, an otherwise useless by-product, ab 8 per cent of the quantity used being produced in this country. The American pr ducer of blackstrap, who supplies such a small percentage of the total consumpt already protected by the high cost of transportation in Cuba, the ocean freight handling charges, which amount to several times the value of blackstrap in Cuba.

The mixed-feed industry has developed under a tariff of approximately one-fo cent per gallon. If that duty is retained in the present tariff bill it should be ma a specific duty, as buyers of blackstrap can not afford to import it if the duty is ba on a sliding scale which will figure from 1 cent to 3 cents per gallon, dependin sugar content, as provided under the Fordney bill. Blackstrap is not bought feeders or manufacturers on the basis of sugar content. Blackstrap should, therefo be defined, so as to admit at a flat rate all blackstrap molasses from which it is profitable to make a further extraction of sugar. I approve of the amendment paragraph 503, suggested by Mr. Chapman, representing the American Feed Ma facturers' Association, and I heartily indorse his brief as the logical presentation of t facts in this case.

BRIEF OF GRAY SILVER, WASHINGTON, D. C., REPRESENTING THE AMERICAN FARM BUREAU FEDERATION.

SUMMARY.

Summarizing the arguments set forth herein, namely—

That the alcohol manufacturers are using a smaller and the feeders a much larger proportion of the supply of blackstrap;

That less than 10 per cent of the requisite supply is produced in the continental United States and only 25 per cent in the United States and its island Territories;

That the ordinary market price at seaboard points represents only about 20 per cent of the price which the farmer-feeder must pay in order to get the blackstrap laid down at his feed yard;

That the feeders in 47 States of the Union are, or may be, interested in buying this feed, whereas only the people of one State could be benefited by a high tariff;

That the alcohol manufacturers will not approve the idea of using corn instead of blackstrap in their seaboard plants because of the heavy expense of transporting corn to the seaboard; and

That molasses does not displace corn and other feeds grown throughout the country, but rather supplements them and makes them more valuable—

We are convinced that the country requires even less tariff duty on blackstrap than is contemplated in the Fordney bill.

We would make the scale less steep on the lower grades of molasses—up to, say, 60° sugar content—while on the higher grades comprising the molasses and sirup made by a distinct industrial group, intended for table use rather than recognized as a by-product, we would raise the duty to somewhat higher levels.

A DISCUSSION OF THE TARIFF.

The tariff act of 1909 fixed a duty of 20 per cent ad valorem on molasses testing not above 40° polariscope test, with a specific duty of 3 cents per gallon on molasses testing above 40° and not above 56°, while on molasses testing above 56° the rate was 6 cents per gallon.

Under the 1913 act the duty was decreased one-fourth, making it 15 per cent ad valorem on grades testing not above 40°; 2¼ cents per gallon on grades ranging from 40 to 56°; and 4½ cents per gallon on grades testing above 56°.

This polaric test is not satisfactory for molasses because it is not a true index of the sugar content. As a consequence, most of the molasses imported has been in the lowest of the three grades. As the greatest part of the imports came from Cuba, which country receives preferential treatment to the extent of 20 per cent reduction of the regular duty, practically all of the molasses imported since 1913 has paid a rate of 12 per cent ad valorem (see table). The value in Cuba of molasses imported to the United States under the tariff act of 1913 has averaged about 5 cents per gallon. At an ad valorem rate of 12 per cent this is equivalent to a specific duty of six-tenths of 1 cent per gallon. In 1914 and in 1920, however, the Cuban price was approximately 3 cents per gallon, hence the duty at 12 per cent ad valorem amounted to slightly more than one-third of 1 cent a gallon.

Under the emergency tariff the duty on Cuban molasses rests at 19.2 per cent ad valorem, making the duty 0.58 cent per gallon on 3-cent molasses.

THE FORDNEY BILL.

The Fordney bill undertakes to change the method of testing molasses, basing the duty upon the percentage of sugar content. Paragraph 503 of the proposed law provides that molasses and sirups testing not above 48 per cent total sugars shall pay 0.25 cent per gallon, while grades testing above 48 per cent total sugars shall be assessed 0.275 cent additional for each per cent of total sugars over and above 48.

To the Treasury officials, of course, is left the option of determining the method of making the sugar test. To ascertain the total sugar content, however, it is necessary to use the Clerget method. Thirty-three tests of blackstrap molasses, made by Penick & Ford, of New Orleans, show an average sugar content of 55 per cent.

According to other good authorities, the sugar content of all grades of molasses will range from 50 per cent to 75 per cent. Taking 55 per cent, or degrees, as the test of average blackstrap molasses, the duty under paragraph 503 of the Fordney bill would

be 2.17 per gallon [1] from countries other than Cuba and 20 per cent less, or 1.7 cents per gallon, from Cuba.

By this same schedule a high-grade molasses, testing 71° sugar, such as the cane-juice sirup produced in the Southern States, and from which no sugar has been extracted, would carry a duty of 6.57 cents per gallon generally, or 5.26 cents per gallon if from Cuba.

IMPORTS OF BLACKSTRAP.

Referring to the tables of imports, it will be seen that over 90 per cent of the total amounts coming in are Cuban blackstrap. General imports have increased rapidly, advancing from 31,000,000 gallons in 1910 to 154,000,000 gallons in 1920, Cuban products always constituting close to 100 per cent of the importation. This shows among other things:

1. That the demand for molasses has increased very rapidly.
2. That Cuba is able to supply all normal requirements.

USES OF MOLASSES.

Molasses is put to numerous uses. The higher grades are commonly used on the table. A considerable quantity also is consumed in bakeries. The two main channels of demand, however, lead to mills manufacturing stock feed or to stock feeders, and to distilleries. There are no definite figures showing the division between these two major uses. Penick & Ford, of New Orleans, say that in normal times practically 90 per cent of the blackstrap is required for stock-feeding purposes. The American Cane Growers' Association claims that two-thirds of the supplies from Cuba, amounting to about one-half of the total stocks of blackstrap, is used by the distillers. It has been estimated by the American Feed Manufactures' Association that 35 per cent of the blackstrap molasses imported is used for stock-feed mixtures. As most of the domestic supply is used as feed, the 30 per cent of the imported supply said to be used as feed, plus the local production, would amount to practically one-half of the total available. Thus it appears that the cane growers and the feed manufacturers are at agreement in their estimates.

The Federal Trade Commission, in a bulletin issued on March 29, 1921, "Report of the Federal Trade Commission on Commercial Feeds," says on page 60:

"It is not practicable to give a satisfactory estimate of the proportion (of blackstrap) used as feed. It may be stated that the two main uses of this commodity are for the production of alcohol and for feeding purposes. The division of the supply between these two uses differs greatly at different times, depending on various factors, such as the relative price of molasses and other raw materials for alcohol manufacture (particularly corn) the demand for alcohol, and the demand for sweet feeds. The control of the supply of blackstrap is practically in the hands of the producers of alcohol."

Referring to the above statement that the control of the (imported) supply of blackstrap is practically in the hands of the producers of alcohol, the Federal Trade Commission report explains, on page 167, that since 1919 the United States Food Products Corporation has initiated and developed a strong hold upon the business of importing Cuban blackstrap, indicating that more and more of this product will go into foods and feeds.

It is stated unofficially that the Federal Trade Commission considers the present distribution of blackstrap between the two main consuming industries to be 60 per cent to the feeders and 40 per cent to the distillers.

The question of the use of blackstrap can be settled with reasonable definiteness by constructing a table to show the approximate total annual supply and the amount consumed yearly in the production of distilled spirits. While absolutely accurate conclusions can not be drawn from these slightly unsatisfactory figures, the trend can at least be depended upon.

The aforesaid table showing the supply of low-grade molasses and the amount used by the distillers makes very clear that as short a time ago as 1913-1915 the distillers were using most of the blackstrap imported to the United States feeders were getting only 8 per cent to 20 per cent, or thereabouts, of a small supply, while in 1920 there were left for feeders or other users, after the distillers had their requirements, 46 per cent of a very large supply. While the amounts of molasses used by the dis-

[1] The duty is 0.25 cent per gallon if test is not over 48° sugar. For each degree above 48° it is 0.275 cent additional. A sample testing 55 pays 0.25 cent plus 0.275 cent times 7 equals 1.92 cents, giving a total of 2.17 cents.

tillers have increased rapidly, the amounts used by feeders have doubled and trebled several times.

This table is of further interest to show the proportion of the total molasses supply produced at home and imported. About 40 per cent to 70 per cent comes from Cuba, 8 per cent was produced in Louisiana in 1920 (including first, second, and third centrifugals), and 16 per cent to 20 per cent, as a rule, comes from Porto Rico and Hawaii.

MOLASSES AS A FEED.

Cane blackstrap molasses was considered a waste product until a few years ago. Its first use by feeders of stock was as a condiment, to render other feeding materials more palatable. Following its successful use by Louisiana sugar planters as a feed for work mules, however, its popularity spread rapidly. It is not a complete food, being almost a pure carbohydrate, but it is one of the important ingredients of a balanced ration.

Molasses is palatable, easily digestible, and generally plentiful and low in price. Many patent mixed feeds now in the market contain 10 per cent to 40 per cent of molasses. It may be mixed with alfalfa, cottonseed or linseed meal, cracked corn, crimped oats, and numerous mill feeds. Large numbers of farmers and stock feeders prefer to buy the molasses and do their own mixing. A method followed profitably by many feeders is to sprinkle molasses over hay, cornstalks, or other rough feed which probably could not be utilized as feed without making it appetizing and more easily digestible.

Since molasses is becoming a competitor of other feeds, the tariff problem assumes greater importance than ever before. Its feeding value, pound for pound, is said to equal that of corn. As a gallon of molasses weighs 12 pounds, only 4⅔ gallons are required to equal a bushel of corn. At 5 cents per gallon corn would have to be as low as 23 cents per bushel to displace molasses. The price of molasses frequently has been much less than 5 cents at the source of production, but during the war it was much higher. The American Cane Growers' Association claims that the farmer ought to have 6 cents for his molasses. This would put molasses as a feed material on a parity with 28-cent corn.

The big problem is to determine how far imported molasses competes with corn and other domestic feeds and how far it is a supplementary feed. Molasses is not a complete feed in itself, as is corn. Its virtue lies largely in its ability to improve other kinds of feed. Hays and fodders are worth much more when sprinkled generously with molasses than when fed alone; cracked corn and molasses mixed make a better feed than corn alone, while molasses is never fed alone, except that it is said sugar-plantation mules learn to drink it and really prefer it in that way to any other.

It seems idle, therefore, to speak of molasses feed proving injurious to the corn growers and feeders. Rather is it becoming more and more a necessity to all feeders.

MOLASSES AND INDUSTRIAL ALCOHOL.

There is one situation outside of the feed province in which molasses competes to the apparent discard of corn, namely, the production of industrial alcohol. In the discussion of the uses of molasses above it is shown that a very large proportion of the total supply of blackstrap has gone to the distilleries. Of course, it is understood that most of the alcohol now produced is put through a further process of manufacture called denaturation, and that the denatured alcohol is in great demand in the industries. Statistics on production and consumption of alcohol show a marked decline since the cessation of use for war and beverage purposes, but industrially it is of marked importance. There is a strong possibility of its coming into general use as a fuel to replace gasoline. In such an event every owner of an automobile will be a booster for Cuban molasses.

Reference to the tables on alcohol will reveal a decline in production (because two important uses were cut off), the 1920 output of distilled spirits being only 82,331,687 gallons, whereas in 1917 the product was 286,085,463 gallons. This is not a surprising revelation, but it is surprising to note that in 1920 more molasses was used to produce 82,000,000 gallons of distilled spirits than was used in 1917 to produce 286,000,000 gallons. On the other hand, over 40,000,000 bushels of grain were consumed in distilleries in 1917, whereas in 1920 only 2,500,000 bushels were so utilized. In other words, molasses became almost the only raw material used in the production of alcohol.

This situation was partly due to expediency, molasses being very readily convertible into alcohol and usually being low in price; also was more or less due to the appeals of the Government not to use grains for distillation purposes during the war

period. In 1921 there was a slight reaction in favor of grain, about 6,000,000 bushels being consumed by distillers. Possibly in normal times it will be found that inland distilleries located in the corn belt will prefer corn in order to avoid paying freight on molasses from the seaboard, whereas seaboard distilleries will desire molasses to avoid bringing corn from the interior. However this may be, it remains true that molasses is the principal material used in the production of industrial alcohol, and that industrial alcohol is a necessary commodity.

The question now resolves itself into one of policy toward industrial alcohol: (1) Shall the United States prohibit or tax heavily the importation of molasses for distillation purposes; or (2) shall the duty be fixed just high enough to put molasses on a parity with corn in cost to the distiller; or (3) shall the duty be left low enough to encourage the most economical and efficient production of industrial alcohol; or (4) shall the duty be fixed at a point to permit profitable use of Cuban molasses by the distillers and still afford sufficient protection to growers of sugar cane and feeders of stock in the United States? Discussion of these four phases of the subject follows in the order named.

1. *Relative to a high tariff.*—If the Government puts a prohibitive duty upon molasses, the distillers will be forced to use other materials. A policy such as this has been advocated by certain interests. It is said that a duty of 10 cents per gallon would keep molasses out and would cause distillers to use about 125,000 bushels of corn per day, thus helping the American farmer to market his corn. The advocates of this plan admit the importance of molasses as a feed, but they claim that the local production is sufficient for feeding purposes. They would put a duty of 40 cents per gallon on industrial alcohol to prevent the transfer of the industry to Cuba.

Such argument can not be maintained. Statistical Tables XII-A and XII-B, naming the materials and amounts of same from which alcohol is made reveal the fact that grain has almost gone out of use by distilleries and that practically all of the alcohol produced comes from molasses. If importation were prohibited, therefore, undoubtedly the distillers would become the strongest bidders for the molasses produced domestically, thereby taking the entire supply away from the feeders. The annual production of alcohol has decreased to such an extent, moreover, that only about 17,000,000 to 18,000,000 bushels of corn, approximately one-half of 1 per cent of the 1920 crop, would have been required by the distillers in each of the past two years if no other raw material had been used.

The demands for molasses for feeding purposes, on the other hand, could not have been met by domestic production, even though the entire supply had been put to this use. In 1920 the available supply (see Table II) of low-grade molasses was more than 209,000,000 gallons, little more than half of which was used by the distillers. Of approximately 95,000,000 gallons used for foods and feeds, only 17,000,000 gallons were produced in the United States, about 33,000,000 gallons were brought in from Hawaii and Porto Rico, leaving the feed manufactures, stock feeders, and sirup mixers to depend upon Cuban blackstrap to the extent of 45,000,000 gallons. If the duty on Cuban molasses had been 10 cents per gallon, undoubtedly none would have been imported, the distillers would have taken all of the local supply, and the feeders would not have received a gallon unless by paying an exorbitant price for it.

It is plain, therefore, that a prohibitive duty, or even a high duty, on molasses would injure the American farmers, producers of industrial alcohol, and consumers generally.

2. *Relative to placing molasses on a parity with corn in cost to the distiller.*—It is stated by good authorities that one bushel of corn will produce about 4.7 gallons of alcohol (1) and that a gallon of molasses will produce 0.6 to 0.85 gallon of alcohol. (2) Thus approximately, 6½ gallons of molasses are required to equal 1 bushel of corn for distillation purposes. To place molasses on a parity with corn, therefore, as regards cost to the distiller, would require a duty sufficiently high to make 6½ gallons of molasses cost as much as a bushel of corn.

The price of a bushel of corn is not stable; neither is the price of a gallon of molasses. Each fluctuates from day to day, depending largely upon supply and demand. A poor corn year in the United States may be a good molasses year in Cuba, resulting in unusually high prices for corn and low prices for molasses. If corn were 60 cents per bushel in the United States and molasses 2 cents per gallon in Cuba, the 6½ gallons equivalent to the bushel of corn would cost only 13 cents plus a small freight charge, consequently the desired parity could be established only by levying a duty of approximately 8 cents a gallon upon the molasses. On the other hand, if corn were 40 cents and molasses 3 cents, the proper duty would be in the neighborhood of 3 cents a gallon.

Fixing a duty upon molasses which would meet all such contingencies might be a suitable task for a theorist, but farmers, economists, and customs officials could not afford to be bothered with it. An import duty, in order to be administered, must be

stable. As it is certain that equality in cost between United States corn and Cuban molasses could only be established by means of an import duty which would fluctuate with every price variation of either corn or molasses, the idea is not practical. Only under fixed prices—Government price control—could such a relation be maintained

3. *Relative to encouraging the most economical production of industrial alcohol.*—There is no doubt but that industrial alcohol is a necessity. Demand for this product subsided very materially following the signing of the armistice, however, and peace requirements must increase manyfold before the maximum possibilities of production will be required. Reports issued by the Commissioner of Internal Revenue show that in 1918 the manufacturers used 68,803,050 gallons of specially denatured alcohol, while in 1920 a larger number of users consumed only 22,260,649 gallons. (Table XV.) Production of distilled spirits amounted to 286,085,463 gallons in 1917, while in 1920 the total was only 82,331,687 gallons. (Table XI.) The amount of alcohol subjected to the denaturation process has declined steadily from nearly 94,000,000 gallons in 1917 to 45,640,948 gallons in 1920 and to 38,812,138 gallons in the year ended June 30, 1921. (Table XIII.)

The marked decline in the use of industrial alcohol does not indicate an economic need of greater efficiency of production but rather it indicates an abandonment of war-time uses as well as an objection to the high prices of 1920. In July, 1919, nearly a year after the need of alcohol for war purposes was past, the price was down to 42 cents per gallon (Table XIV), having receded from the high level of $1 per gallon in July, 1917. In July, 1920, however, apparently without good cause, the price was $1.11 per gallon. It is said that the peak of blackstrap prices was reached in the summer of 1920, the feeders being required to pay 25 cents per gallon because of scarcity due to the loss at sea of two molasses tank ships and to transportation difficulties in Cuba. The chances are, however, that not many distillers paid this high price for blackstrap.

The extreme American price was not materially reflected in Cuba, and the Federal Trade Commission states that the importation of Cuban molasses has generally been controlled by the alcohol manufacturers. Mere delay in receiving supplies would not mean increased prices to those in control. The Federal Trade Commission bears out this view in showing on page 127 of its report on commercial feeds that the contract price of molasses during the first four months of 1920 was a great deal lower than during the corresponding months of 1919. For the year 1918 the average price per gallon was 20.28 cents; during the first four months of 1919 it was 16.71 cents; throughout the remaining eight months of 1919 it was down to 8.03 cents, while during the first six months of 1920 it was 10.20 cents.

It is true that the annual consumption of molasses for alcohol production has scarcely declined since the war, the millions of gallons used in 1917 being 112, in 1918 increasing to 118, in 1919 going to 123, and in 1920 receding only to 113.

This maintenance of the use of molasses at the maximum while alcohol production decreased over 70 per cent may be attributed to the fact that molasses displaced practically all other raw materials used by distillers. (See Table XII–B.) The ease with which molasses can be converted into alcohol assures it first consideration unless other materials can be purchased at comparatively lower prices.

In 1913 the distillers produced six times as much spirituous liquor from grain as they did from molasses, whereas in 1920 the production from molasses was nearly 12 times as great as it was from grain. (See Table XII–B.) If the price of molasses in 1920 had been 25 cents per gallon to the distillers, it would have been relatively cheaper for them to use corn,[1] yet Table XII–A shows that they used very little grain. The fact that the price of molasses in July, 1921, was about 2½ cents per gallon and of alcohol 32 cents a gallon shows that a spread of 29½ cents per gallon covered the additional expenses of production and an adequate margin of profit. Now if molasses cost several times as much in 1920 as in 1921, there is no reason for multiplying labor cost and profit by the same factor in order to determine the sale price. This ought to be an exercise in addition rather than in multiplication.

It has been claimed that a heavy export demand for alcohol caused the high industrial alcohol prices in 1920. Official records of exports, however, do not indicate a depletion of local stocks. In 1919 about 101,000,000 gallons of alcohol were produced, of which 12,000,000 gallons went to exporters and 60,000,000 gallons were denatured. This left about 29,000,000 gallons for other uses. In 1920 the production was unchanged—27,000,000 gallons were exported and 45,000,000 gallons were subjected to the denaturation process. Thus again about 29,000,000 gallons remained for utilization otherwise.

By reference to the tables on production (XIII) and use (XV), of specially denatured alcohol it is seen that in 1919 about 44,000,000 gallons (28,294,219 wine gallons)

---

[1] See price table on pp. 106 and 127, report of Federal Trade Commission on commercial feeds.

of specially denatured alcohol were produced and 47,000,000 gallons were consumed. In 1920, on the other hand, production exceeded consumption in the ratio of about 25 to 22. There does not seem, therefore, to have been a real shortage of alcohol.

Since the price of industrial alcohol in 1920 apparently was unjustifiably high, there seems to be no compelling reason to believe that a lower duty would bring more efficient production. Psychological considerations still would affect prices.

The day probably is coming, nevertheless, when alcohol will be required as motor fuel.

It is reported that Cuba is producing this kind of fuel for her own automobiles at half the cost of gasoline, and that she is developing an export trade to South America. When the day draws near for the extensive use of such fuel in the United States there may be occasion for the adoption of special legislation to encourage importation of molasses, but such considerations concern the future. In the meantime the duty should not be placed so high as to destroy the Cuban market or to weaken the industrial alcohol industry in the United States.

4. *Relative to a duty which will be fair to Cuban and American producers and to all classes of American consumers.*—From 1913 to 1920 the duty assessed on molasses by the United States certainly has been fair enough to Cuba, because annual receipts of Cuban blackstrap have increased approximately 500 per cent, molasses has almost completely displaced other materials in the production of alcohol and the sweet feed industry has grown to immense proportions. The reduction of general imports from 154,000,000 gallons during the fiscal year ended June 30, 1920, to 113,000,000 gallons for the year ended June 30, 1921, was not due to the emergency tariff law (which did not become effective until May 28, 1921, and which made only a very slight increase in the molasses duty), but to a marked decline in alcohol production.

As regards the American producer of blackstrap it is generally admitted that his product is superior to the imported supply, consequently more of it goes to the bakers, sirup and feed mixers than to the distillers, who get millions of gallons from Cuba at very low prices.

As local production is comparatively small, the price is fixed by the great mass of the imported product, consequently American sugar mills receive an average of about 3 to 4 cents per gallon for molasses in normal times.

One acre of land will produce approximately 15 tons of cane yielding 67½ gallons of molasses, hence at 4 cents per gallon the farmer is allowed for molasses $2.70 per acre of sugar cane harvested.

It appears, therefore, that the blackstrap producer might well be granted sufficient protection so that he might add 1 or 2 cents per gallon to the price of his product. Adding 2 cents per gallon would net him increased receipts of $3.33 per ton, or $1.35 per acre of cane cultivated.

Let us see, on the other hand, how an increase of 2 cents per gallon would affect the feed mixer and the farmer of the corn belt. Two cents per gallon on molasses means one-sixth of 1 cent per pound. Molasses is said to equal corn, pound for pound, in feeding value. Therefore 56 pounds of molasses, equaling a bushel of corn, would be increased in price 9⅓ cents. If the corn-belt farmer could purchase molasses at 5 cents per gallon, he would be paying a price comparable with 23 cents per bushel for corn; addition of the 9⅓ cents to cover the tariff duty of 2 cents per gallon would make feed cost 32⅓ cents per bushel. A difficulty now arising is that the farmer has to pay about 100 per cent extra to cover freight rates and the expense of distributing molasses in small lots, usually in barrels.

COMPARATIVE PRICES, CORN VERSUS MOLASSES.

Table III shows comparative prices of corn and blackstrap. These are average prices as quoted in official publications. The contract prices of blackstrap here used are considerably lower than the open-market prices during the year 1920; but as most of the blackstrap is said to be purchased under contract, probably the contract price is fairly representative.

In order to make possible a comparison of the prices of corn and molasses, the table shows in column 1 the price of corn, in column 2 the price of molasses at the seaboard, in column 3 the price of molasses with 3 cents added to cover freight from New Orleans to St. Louis or from New York to Cleveland, in column 4 the price of 56 pounds of molasses (the equivalent of a bushel of corn) plus 10 cents to cover the proposed duty, and in column 5 a price including an additional 6 cents per gallon (or 28 cents per bushel of corn equivalent) when purchased by the farmer in small lots, probably in barrels.

Study of this table arouses opposition to the proposal to add 2 cents to the duty on molasses. Column 5, representing the price to be paid by the farmer of the Middle

West, shows until 1917 a molasses price in excess of the price of corn. Probably the reason no fuss was made about it was that no data such as this table reveals have been published. Middle West farmers in those days were not using much molasses, hence they had no reason to consider the extra charge of 8 cents per gallon, 2 cents to cover import duty and 6 cents to cover barreling of the molasses Such price quotations as they saw or heard generally were for molasses in tank-car lots at factory or at seaboard points.

Even when bolstered up with these extra charges due to tariff, freight, and barrel shipments in small quantities, the price of molasses during the war period was below the price of corn. It was during the period of high prices incident to the war, moreover, that molasses feeds gained so great prominence.

Corn and molasses both are low in price at the present writing (December, 1921), but the composite table under review shows the blackstrap when made available for the farmer to be higher priced than corn. The 10 cents per bushel equivalent, proposed to be added as a tariff duty, appears to be the "straw which breaks the camel's back."

AN EQUITABLE TARIFF DUTY.

It was pointed out early in this paper that the present emergency tariff rate on Cuban blackstrap is about 0.58 cent per gallon. Reference once more to Table I shows that the rate proposed in the Fordney bill on Cuban blackstrap of the average total sugar content test (55°) is 1.74 cents per gallon, or an increase of 1.16 cents per gallon.

The study of the composite price table, comparing prices of corn and molasses, indicated that an additional duty of 2 cents per gallon would prove a heavy burden upon the farmers far removed from the seaboard. The same line of argument tends to prove that the tariff duty increase contemplated under the Fordney bill, namely, 1.16 cents per gallon, is too high.

Unless some method can be found to relieve the United States farmer on his tremendous costs of production, no good can come from the act of adding the equivalent of 10 cents per bushel to the cost of a feed which he needs and can not produce. Well-nigh tragical it seems to contemplate a feed heralded the country over as being purchasable at 3 cents per gallon, but which, before being available at the farmers' feeding pens must be augmented in price by 3 cents (100 per cent) for freight rate, 6 cents (200 per cent) for a container and the labor incident to putting it into same, and 2 cents (66 per cent) in the form of a tax. Although the Fordney bill proposes an increased duty of only 1.16 cents instead of 2 cents per gallon, the hypothetical case previously used of a 2-cent additional duty is continued in this connection because certain interests are asking that the basic rate in the Fordney bill be increased by three-fourths of 1 cent per gallon, making the 48° molasses dutiable at 1 cent per gallon and increasing all higher grades in like proportion.

Here is a table showing the duty per gallon on molasses testing 48° and up, as provided in the proposed law:

TABLE I.—*Duty proposed by Fordney bill.*

Molasses testing not above—	In general, cents per gallon.	From Cuba, cents per gallon.	Molasses testing not above—	In general, cents per gallon.	From Cuba, cents per gallon.
[illegible]	0.25	0.20	62°	4.10	3.28
[illegible]	.52	.42	63°	4.37	3.50
[illegible]	.80	.64	64°	4.65	3.72
[illegible]	1.07	.86	65	4.92	3.94
[illegible]	1.35	1.08	66°	5.20	4.16
[illegible]	1.62	1.30	67°	5.47	4.38
[illegible]	1.90	1.52	68°	5.75	4.60
[illegible]	2.17	1.74	69°	6.02	4.82
[illegible]	2.45	1.96	70°	6.30	5.04
[illegible]	2.72	2.18	71°	6.57	5.26
[illegible]	3.00	2.40	72°	6.85	5.48
[illegible]	3.27	2.62	73°	7.12	5.70
[illegible]	3.55	2.84	74°	7.40	5.92
[illegible]	3.82	3.06	75°	7.67	6.14

TABLE II.—*Supply of low-grade molasses and amounts used by distillers.*

	Domestic products.			Imports.		
	Louisiana production, blackstrap and first, second, and third centrifugals.[1]	Received from Porto Rico.[2]	Received from Hawaii.[3]	From Cuba.[4]	From other countries.	Total imports.
Fiscal year:						
1908	....	4,799,213	23	16,743,349	109,273	16,852,62[illegible]
1909	....	8,359,363	624	20,994,836	193,164	21,188,00[illegible]
1910	26,304,963	9,604,926	100	30,489,714	506,990	30,996,7[illegible]
1911	35,062,525	8,868,860	1,801,796	20,000,337	2,222,693	22,223,0[illegible]
1912	14,302,169	10,937,670	1,734,318	25,451,085	1,521,185	26,972,2[illegible]
1913	24,046,320	11,150,572	3,736,877	29,468,901	1,768,674	31,237,57[illegible]
1914	17,177,443	15,577,832	4,110,404	50,171,978	626,151	50,798,1[illegible]
1915	14,122,584	18,004,811	5,202,913	64,748,504	3,594,221	68,342,7[illegible]
1916	25,225,664	16,279,073	8,399,014	82,501,070	3,724,062	86,225,1[illegible]
1917	28,867,058	18,751,212	10,979,383	106,788,759	2,205,714	108,994,4[illegible]
1918	28,234,768	14,495,752	14,671,477	126,055,181	4,624,907	130,680,0[illegible]
Calendar year:						
1919	13,355,231	15,554,493	9,882,567	110,224,781	7,554,290	117,799,0[illegible]
1920	17,050,593	20,770,640	12,126,132	148,062,698	11,571,746	159,634,44[illegible]

	Exports, Porto Rico and Hawaii. Shipments to foreign countries excluded (gallons).[5]	Available supply.	Percentage of supply—			Molasses used for production of distilled spirits (gallons).	Per cent of total supply used by distillers.	Per cent remaining for food and feeds.
			Imported from Cuba.	Received from Porto Rico and Hawaii.	Produced in Louisiana.			
Fiscal year:								
1910	1,427,764	66,906,693	45	14	39	....	....	....
1911	3,386,811	67,906,693	29	15	52	....	....	....
1912	9,513,441	53,946,427	52	23	27	....	....	....
1913	2,145,613	70,171,344	42	21	34	64,640,976	92	[illegible]
1914	778,396	87,663,808	57	22	20	64,721,265	74	[illegible]
1915	1,113,720	105,673,033	61	22	13	123,301,496	[6] 116	......
1916	2,664,598	136,128,883	61	18	18	80,977,474	59	[illegible]
1917	1,618,403	167,592,126	64	18	17	112,497,633	67	[illegible]
1918	2,723,049	188,082,085	67	16	15	118,027,960	63	[illegible]
Calendar year:								
1919	3,768,411	156,591,362	70	16	9	123,498,693	79	[illegible]
1920	4,788,773	209,581,809	71	16	8	113,132,685	54	[illegible]

[1] Data from Yearbook of Louisiana Sugar Planters' Association.

[2] Molasses and sirup combined. Data from Monthly Summary of Foreign Commerce of the United States.

[3] Molasses only. Data from Monthly Summary of Foreign Commerce of the United States.

[4] Imports for consumption of molasses not above 40° (presumably all blackstrap).

[5] Exports are so small after deducting the amounts shipped from the Hawaii and Porto Rico consular districts, and so little of the molasses exported from the United States proper is known to be blackstrap, that it is thought best to disregard this column; consequently these amounts are not deducted in arriving at available supply.

[6] It is probable that in this year the distillers purchased larger quantities of molasses than they used, carrying over a considerable quantity to the following season. It is noted that the following year's recorded consumption was very light, but that production of spirits from molasses was much larger than in 1915.

TABLE III.—*Corn and blackstrap molasses.*

Year and month.	Corn, mixed, cash No. 3, Chicago, per bushel.[1]	Molasses, average net price for contract blackstrap in bulk f. o. b. storage plants New York, per gallon.[2]	Plus 3 cents per gallon, average freight from seaboard to interior.	Price of 4⅔ gallons (56 pounds) of molasses, plus 10 cents to cover duty at 2 cents per gallon.[3]	Plus 6 cents per gallon (or 28 cents per bushel of corn equivalent) for molasses in barrels as required by farmers.
1914.		*Cents.*	*Cents.*		
January	$0.62	8.04	11.04	$0.62	$0.90
April	.67	7.37	10.37	.58	.86
July	.71	7.82	10.82	.61	.89
October	.73	7.62	10.62	.60	.88
1915.					
January	.71	7.13	10.13	.57	.85
April	.75	6.80	9.80	.56	.84
July	.79	6.93	9.93	.56	.84
October	.62	7.74	10.74	.60	.88
1916.					
January	.75	10.91	13.91	.75	1.03
April	.74	13.48	16.48	.87	1.15
July	.78	12.30	15.30	.81	1.09
October	.96	12.20	15.20	.81	1.09
1917.					
January	.99	16.80	19.80	1.02	1.30
April	1.47	18.27	21.27	1.09	1.37
July	2.04	17.57	20.57	1.06	1.34
October	1.99	18.21	21.21	1.09	1.37
1918.					
January	1.60	23.75	26.75	1.35	1.63
April	1.53	20.56	23.56	1.20	1.48
July	1.53	19.97	22.97	1.17	1.45
October	1.25	18.02	21.02	1.08	1.36
1919.					
January	1.58	15.37	18.37	.96	1.24
April	1.58	16.43	19.43	1.01	1.29
July	1.58	7.78	10.78	.60	.88
October	1.58	8.25	11.25	.63	.91
1920.					
January	1.47	8.36	11.36	.63	.91
April	1.69	11.07	14.07	.76	1.04
June	1.84	10.38	13.38	.72	1.00
July	1.54				
October	.88				
1921.					
January	.65				
April	.55				
July	.60	2.50	5.50	.36	.64
October	[4] .44				

[1] Quotations of War Industries Board and Federal Reserve Board.
[2] Quotations from Federal Trade Commission Report on Commercial Feeds.
[3] Columns 1 and 4 show the prices of equal weights of corn and blackstrap if a duty of 2 cents per gallon be imposed.
[4] Estimate.

TABLE IV.—*Molasses, sirup, and sorghum production in the United States.*

Year.	Louisiana cane blackstrap.	Molasses, other than blackstrap.	Sugar cane in Louisiana.[1]	Sirup, total, United States.[3]	Sorghum.
	Gallons.	*Gallons.*	*Tons.*	*Gallons.*	*Gallons.*
1910		[2] 28,304,963	2,195,175		
1911		[2] 35,062,525	2,604,575		
1912	7 54	6,646,115	2,943,481		
1913	15 03	6,322,917	4,345,533		
1914	11 08	5,986,535	2,432,696		
1915	7 38	7,106,246	2,488,968		
1916	14 35	10,943,129	4,133,274		13,668,[illegible]
1917	12 35	16,322,623	6,214,675		37,472,[illegible]
1918	16 50	12,133,118	11,243,003		33,387,[illegible]
1919	6 42	6,705,989	2,459,565	38,183,000	35,409,[illegible]
1920	10 61	6,983,612	1,911,220	43,507,000	43,876,[illegible]
1921					[4] 43,964,[illegible]

[1] Data from Louisiana Sugar Planters' Association.
[2] Yearbook, Department of Agriculture.
[3] Including blackstrap.
[4] Estimate by Department of Agriculture.

TABLE V.—*Molasses, and sirup, refined.*

MOLASSES.

Fiscal year.	General import.	Domestic exports.	Drawback on spirits, account molasses content.	Production in Louisiana.[1]		Total.
				Black-strap.[2]	Other than blackstrap.[3]	
	Gallons.	*Gallons.*		*Gallons.*	*Gallons.*	*Gallons.*
1910	31,292,165	1,505,355	$10,330			28,304,96[illegible]
1911	23,838,190	3,386,811	23,296			35,062,52[illegible]
1912	28,828,213	9,513,441	14,335	7 4	15	14,322,[illegible]
1913	33,926,521	2,145,613	15,708	15 3	17	24,046,[illegible]
1914	51,410,271	1,002,441	7,533	11 8	35	17,177,44[illegible]
1915	70,839,623	1,148,741	11,447	7 8	86	14,122,9[illegible]
1916	85,716,673	4,387,369	6,270	14 5	1 29	25,225,6[illegible]
1917	110,237,898	2,889,991	2,084	12 5	1 33	29,367,0[illegible]
1918	130,730,861	3,811,341	72,772	16 0	1 18	28,234,7[illegible]
1919	130,074,717	6,123,765	55,907	6 2	39	13,355,2[illegible]
1920	154,670,200	7,557,919	16,522	10 1	12	17,050,5[illegible]
1921	113,413,681	5,348,202				

[1] Sugar cane molasses only—excluding sirup and sorghum.
[2] Data from Louisiana Sugar Planters' Association.
[3] Data from Yearbook, Department of Agriculture.

SIRUP, REFINED.

Fiscal year.	Imports for consumption.	Domestic exports.	Value imports (for consumption.)	Duty collected.	Value per pound in country of origin.	Equivalent ad valorem rate.	Legal rate
	Pounds.	*Gallons.*				*Per cent.*	*Per cent.*
1910	333,369	13,457,307	$14,652	$2,930	$0.044	19.99	20
1911	252,129	12,001,799	12,847	2,569	.051	20.00	20
1912	325,201	19,146,966	17,647	3,529	.054	20.00	20
1913	374,065	14,309,029	19,093	3,818	.051	20.00	20
1914	326,377	11,630,528	19,[illegible]	3,104	.059	16.07	15
1915	208,722	11,439,133	13,105	1,965	.063	15.00	15
1916	227,593	10,031,693	15,166	2,274	.067	15.00	15
1917	116,534	10,327,503	9,603	1,440	.082	14.99	15
1918	31,366	7,689,936	1,052	157	.034	14.92	15
1919 (calendar year)	53,464		3,999				[1] Free
	700,504	16,731,846	31,070	4,660			15
1920	469,643		40,916				[2] Free
	4,600		486	58			15 and 20
	1,181,886	6,594,835	39,700	5,965			15

[1] From Virgin Islands. [2] From Cuba.

TABLE VI.—*Molasses—Imports by countries (gallons).*

[Data from Department of Commerce.]

	Fiscal year.					
	1910	1911	1912	1913	1914	1915
England	67,246	11,505	....	....	30,092	....
Canada	203,312	194,819	324,993	128,914	183,416	148,736
British West Indies	1,486,426	1,560,697	1,414,175	1,488,090	1,530,690	1,303,161
Cuba	29,024,493	20,029,704	25,724,611	30,697,527	49,304,702	67,139,864
Santo Domingo	501,905	2,035,123	1,354,026	1,610,000	360,000	2,242,342
Danish West Indies	4,806	5,049	7,666	....	....	....
Turkey in Asia	100	43	2,071	665	320	....
All other	3,877	1,250	671	1,325	1,051	5,520
Total	31,292,165	23,838,190	28,828,213	33,926,521	51,410,271	70,839,623

	Fiscal year.			Calendar year.		
	1916	1917	1918	1918	1919	1920
England	36,936	....	69	69	600	10,300
Canada	60,433	498,571	651,252	571,142	643,152	958,278
British West Indies	1,488,114	1,242,039	1,796,737	•2,001,041	1,005,590	1,304,128
Cuba	81,198,897	106,865,887	127,418,036	138,240,517	111,967,615	153,317,590
Santo Domingo	2,925,750	1,613,598	679,156	309,153	6,410,413	4,455,685
Danish West Indies	5,696	2,758	....	....	....	....
Turkey in Asia	....	....	....	....	....	6,967
All other	847	15,035	185,611	....	....	....
Total	85,716,673	110,237,888	130,730,861	141,339,184	120,125,795	160,123,653

TABLE VII.—*Molasses (blackstrap) not above 40°.*

IMPORTS FOR CONSUMPTION FROM CUBA.

[Data from Department of Commerce.]

	Legal rate of duty.	Quantity.	Value.	Duty collected.	Average per gallon in Cuba.	Actual rate of duty paid.
Fiscal year:		*Gallons.*				*Per ct.*
1910	20 per cent less 20 per cent.	30,489,714	$1,067,156	$170,744	$0.035	16
1911	.....do	20,000,337	700,365	112,058	.035	16
1912	.....do	25,451,085	882,710	141,233	.035	16
1913	.....do	29,468,901	1,508,995	169,439	.036	16
1914	.....do	25,344,987	872,667	139,626	.034	16
1914	15 per cent less 20 per cent.	24,826,991	663,173	75,980	.026	12
1915	.....do	64,748,504	1,609,582	193,149	.025	12
1916	.....do	82,501,070	3,377,721	405,326	.041	12
1917	.....do	106,788,759	10,377,340	1,245,280	.097	12
1918	.....do	126,055,181	8,322,225	998,667	.966	12
Calendar year:						
1918	.....do	136,092,374	9,119,348	1,094,322	.067	12
1919	.....do	110,244,781	3,471,871	416,625	.031	12
1920	.....do	148,062,698	3,453,942	425,273	.024	12

TABLE VIII.—*Molasses (blackstrap) not above 40°.*

IMPORTS FOR CONSUMPTION OTHER THAN FROM CUBA.

[Data from Department of Commerce.]

	Legal rate of duty.	Quantity.	Value.	Duty collected.	Average per gallon in country of origin.
Fiscal year:		*Gallons.*			
1910	20 per cent	506,990	$16,835	$3,367	[illegible]
1911	do	2,222,693	64,743	12,948	[illegible]
1912	do	1,521,185	45,860	9,172	[illegible]
1913	do	1,768,674	59,764	11,952	[illegible]
1914	do	495,378	18,371	3,674	[illegible]
1914	15 per cent	130,773	6,227	934	[illegible]
1915	do	3,594,221	95,711	14,356	[illegible]
1916	do	3,724,062	129,445	19,416	[illegible]
1917	do	2,205,714	250,554	37,533	[illegible]
1918	do	4,624,907	162,136	24,320	[illegible]
Calendar year:					
1918	do	4,341,297	345,845	51,877	[illegible]
1919	Free [1]	9,470	5,374	....	[illegible]
	15 per cent	7,544,820	196,685	29,500	[illegible]
1920	Free [2]	15,190	11,437	....	[illegible]
	15 per cent	11,556,556	317,803	47,670	[illegible]

[1] From Virgin Islands. [2] From Virgin Islands and Philippines.

TABLE IX.—*Molasses, above 40° and not above 56°.*

IMPORTS FOR CONSUMPTION OTHER THAN FROM CUBA.

[Data from Department of Commerce.]

	Legal rate of duty per gallon.	Quantity.	Value.	Duty collected.	Average value per gallon in country of origin.	Actual rate of duty paid
Fiscal year:	*Cents.*	*Gallons.*				*Per* [illegible]
1910	3	1,705,690	$301,632	$51,170	$0.177	[illegible]
1911	3	1,587,478	229,159	47,624	.144	[illegible]
1912	3	1,413,570	241,463	42,407	.171	[illegible]
1913	3	1,154,553	234,852	34,636	.203	[illegible]
1914	3	776,903	160,941	23,307	.207	[illegible]
	2½	1,067,099	156,544	24,009	.147	[illegible]
1915	2½	1,502,448	241,726	33,805	.161	[illegible]
1916	2½	1,407,545	320,046	31,669	.227	[illegible]
1917	2½	1,172,809	313,666	26,388	.267	[illegible]
1918	2½	1,736,309	653,863	39,066	.377	[illegible]
Calendar year:						
1918	2½	1,938,917	825,366	43,626	.426	[illegible]
1919	[1] Free.	10,401	6,240	....	.599	....
	2½	1,008,234	476,128	22,685	.472	[illegible]
1920	Free.	5,690	4,426	....	.770	....
	2½	1,507,506	1,190,555	33,919	.790	[illegible]

IMPORTS FOR CONSUMPTION FROM CUBA.

Fiscal year:	*Cents.*	*Gallons.*				*Per* [illegible]
1910	[2] 3	3,770	$615	$90	$0.163	[illegible]
1911	([3])	668,459	46,169	16,043	.069	[illegible]
1913	([3])	11,359	2,787	272	.245	
1914	[2] 2½	4,290	776	77	.181	
1915	([3])	13,554	2,685	243	.198	
1917	([3])	28,930	2,866	520	.099	[illegible]
1918	([3])	57,020	7,238	1,026	.127	[illegible]
Calendar year:						
1918	([3])	159,219	30,071	2,866	.188	
1919	([3])	18,566	2,227	334	.120	[illegible]
1920	([3])	18,780	6,320	338	.336	

[1] From Virgin Islands. [2] Cents per gallon. [3] Less 20 per cent.

TABLE X.—*Molasses above 56°.*

IMPORTS FOR CONSUMPTION OTHER THAN FROM CUBA.

[Data from Department of Commerce.]

	Legal rate of duty.	Quantity.	Value.	Duty collected.	Average value per gallon in country of origin.	Actual rate of duty paid.
Fiscal year:	*Cents.*	*Gallons.*				*Per cent.*
1910	[2] 6	48	$11	$2	$0.227	26.45
1911	[2] 6	253	74	15	.293	20.50
1912	[2] 6	1,005	344	60	.342	17.53
1913	[2] 6	991	350	59	.353	16.86
1914	[2] 6	535	221	32	.413	14.52
1914	[2] 4½	687	320	30	.466	9.66
1915	[2] 4½	736	239	33	.325	13.86
1916	[2] 4½	48	17	2	.354	12.79
1917	[2] 4½	2,887	762	129	.264	17.05
1918	[2] 4½	12,725	5,061	572	.398	11.31
Calendar year:						
1918	[2] 4½	10,938	4,761	492	.435	10.34
1919	[1] Free.	5,999	2,279	....	.430	....
	[2] 4½	403	344	18	.853	5.23
1920	[2] 4½	7,643	6,772	344	.886	5.08

IMPORTS FOR CONSUMPTION FROM CUBA.

	Legal rate of duty.	Quantity.	Value.	Duty collected.	Average value per gallon in country of origin.	Actual rate of duty paid.
Fiscal year:	*Cents.*	*Gallons.*				*Per cent.*
1910	[2] 6	....	....	....	....	....
	([3])	47	$26	$2	$0.553	8.89
1911	([3])	316	69	15	.221	21.70
1912	([3])	58	42	2	.718	6.69
1913	([3])	101	47	4	.461	10.38
1914	[2] 4½	....	....	....	....	....
	([3])	30	7	1	.233	15.43
1915	([3])	103	41	3	.398	9.05
1916	([3])	50	10	1	.200	18.00
1917	([3])	325	72	11	.222	16.25
Calendar year:						
1918	([3])	4,066	1,220	146	.300	12.00
1919	([3])	120	82	4	.683	5.27
1920	([3])	3,456	346	124	.100	35.96

[1] From Virgin Islands. [2] Cents per gallon. [3] Less 20 per cent.

TABLE XI.—*Distilled spirits, gallons.*

Fiscal year.	Total production.[1]	Exported.[2]	Denatured.[1]
1910	....	231,077	10,605,870
1911	....	35,231	11,682,887
1912	187,571,808	25,440	13,955,903
1913	193,605,258	151,232	16,953,552
1914	181,919,542	187,845	17,811,078
1915	140,656,103	200,455	25,411,718
1916	253,283,273	24,433,243	84,532,253
1917	286,085,463	51,941,634	93,762,422
1918	178,833,799	8,351,142	90,644,722
1919	100,778,541	11,884,383	60,399,308
1920	101,265,238	27,376,167	45,640,948
1921	85,068,776	14,635,394	38,812,139

[1] Annual Reports of Commissioner of Internal Revenue.
[2] Department of Commerce.

TABLE XII-A.—*Grain and other materials used for production of distilled spirits.*[1]

Year ended June 30—	Corn.	Rye.	Malt.	Other materials.	Molasses.	Dilute saccharine liquid.	Wheat.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*	*Gallons.*	*Gallons.*	*Bushels.*
1916	32,069,542	3,116,612	4,480,588	68,822	80,977,474	71,164,758	3,373
1917	33,973,268	2,375,439	4,239,677	72,172	112,497,633	78,462,969	2,533
1918	14,544,545	248,864	1,689,677	75,313	118,027,960	68,527,242	....
1919	3,890,347	25,304	573,246	73,974	123,498,693	9,801,335	....
1920 [2]	2,052,023	60,597	352,732	53,433	138,455,910	23,326,761	....
1921	4,810,517	187,940	719,171	303,072	119,052,798	5,562,518	....

Year ended June 30—	Barley.	Oats.	Liquids containing one-half of 1 per cent or more alcohol by volume.	Total bushels.	Total gallons.
	Bushels.	*Bushels.*	*Gallons.*		
1916	148	9,807	....	39,748,892	152,142,2[illegible]
1917	....	6,730	....	40,669,819	190,960,60[illegible]
1918	94,331	2,395	....	16,665,125	186,555,[illegible]
1919	10,936	714	....	4,574,521	133,300,0[illegible]
1920 [2]	22,433	581	....	2,541,799	161,7[illegible]
1921	....	....	25,538,553	6,020,700	150,153,9[illegible]

[1] Data from Annual Reports of Commissioner of Internal Revenue.
[2] Commencing May 1, 1920, separate accounts were required to be made for industrial alcohol plants. In this table the figures for the two months have been combined with the data on distilled spirits proper.

TABLE XII-B.—*Material used and spirits produced.*

Fiscal year.	Grain used.	Spirits produced from grain.	Molasses used to produce spirits.	Spirits produced from molasses.	Molasses used to produce rum.	Rum produced from molasses.
	Bushels.	*Gallons.*	*Gallons.*	*Gallons.*	*Gallons.*	*Gallons.*
1913	34,039,277	155,757,827	61,194,333	26,844,710	3,446,643	2,750,[illegible]
1914	30,679,549	142,323,044	60,862,167	29,262,516	3,859,098	3,026,[illegible]
1915	19,138,118	89,553,291	119,467,918	39,736,548	3,833,578	2,544,31[illegible]
1916	39,748,892	184,091,810	77,034,173	58,052,924	3,943,301	2,90[illegible]
1917	40,669,819	188,238,880	108,843,878	82,460,340	3,653,755	2,881,4[illegible]
1918	16,655,125	86,025,257	116,167,599	83,293,277	1,860,361	1,464,0[illegible]
1919	4,574,521	21,929,557	122,498,268	75,407,358	1,000,425	816,10[illegible]
1920 [2]	2,541,799	[2] 6,745,200	137,219,460	[2] 72,135,758	1,236,450	947,17[illegible]
1921	6,020,700	....	119,052,798	....	689,169	....

Fiscal year.	Dilute saccharine liquid used to produce spirits.	Spirits produced from dilute saccharine liquid.	Liquids containing one-half of 1 per cent or more alcohol by volume.
	Gallons.	*Gallons.*	*Gallons.*
1916	71,164,758	4,070,288	....
1917	78,462,969	3,094,324	....
1918	68,527,242	2,693,918	....
1919	34,488,066	823,000	....
1920	23,326,761	[2] 854,109	....
1921	5,562,518	....	25,538,5[illegible]

[1] Data from annual reports of Commissioner of Internal Revenue.
[2] These figures for 1920 are incomplete so far as spirits produced are concerned, in that they do not includ[illegible] 18,933,551 gallons of industrial alcohol produced during May and June, after requirement was made th[illegible] separate accounts be kept for industrial alcohol plants. (See Table 68, p. 164, Rpt. of Com. of In. Rev., 192[illegible]

TABLE XIII.—*Denatured alcohol production.*

[Figures from Commissioner of Internal Revenue.]

Fiscal year.	Completely denatured (wine gallons).	Specially denatured (wine gallons).	Total.	
			Wine gallons.	Proof gallons.
1910	3,076,924.5	3,002,102.5	6,079,027.1	10,605,870.7
1911	3,374,019.9	3,507,109.9	6,881,129.8	11,682,887.9
1912	4,161,268.5	3,933,246.4	8,094,515.0	13,955,903.8
1913	5,223,240.8	4,608,417.7	9,831,658.5	16,953,552.8
1914	5,213,129.5	5,191,846.0	10,404,975.6	17,811,078.2
1915	5,386,646.9	8,599,821.8	13,986,468.7	25,411,718.8
1916	7,871,952.8	38,807,153.5	46,679,106.3	84,532,253.1
1917	10,508,919.3	45,170,678.3	55,679,597.6	93,762,422.7
1918	10,328,454.6	39,834,561.4	50,163,016.0	90,644,722.8
1919	9,976,720.6	28,294,219.0	38,270,939.6	60,399,308.9
1920	13,528,403.0	15,307,947.1	28,836,350.1	45,640,948.6
1921	12,392,595.0	9,996,229.7	22,388,824.7	38,812,138.7

TABLE XIV.—*Wholesale prices of alcohol, per gallon.*

[Data from Oil, Paint, and Drug Reporter, and Drug and Chemical Markets.]

	January.	April.	July.	October.
1914—U. S. P., 190	$2.54	$2.54	$2.52	$2.62
Denatured, 188	.33	.35	.33	.33
1915—U. S. P., 190	2.60	2.52	2.56	2.56
Denatured, 188	.33	.33	.38	.39
1916—U. S. P., 190	2.64	2.66	2.66	2.66
Denatured, 188	.50	.59	.59	.54
1917—U. S. P., 190	2.72	2.81	3.80	5.65
Denatured, 188	.64	.69	1.00	.90
1918—U. S. P., 190	4.95	4.95	4.97	4.97
Denatured, 188	.73	.68	.68	.68
1919—U. S. P., 190	4.97	4.95	4.95	4.75
Denatured, 188	.61	.42	.42	.66
1920—U. S. P., 190	4.75	7.00	(1)	5.60
Denatured, 188	.73	1.02	1.11	1.03
1921—U. S. P., 190	5.20	5.20	4.75	4.75
Denatured, 188	.72	1.04	.32	.40

[1] Nominal.

TABLE XV.—*Gallons of denatured alcohol received by manufacturers and dealers and specially denatured alcohol used by manufacturers.*

[Data from Commissioner of Internal Revenue.]

Year.	Number of manufacturers.	Gallons used.
1918	1,060	68,803,050
1919	1,114	47,371,329
1920	1,395	22,260,649

STATEMENT OF L. H. ROBERTSON, CATTLE FEEDER AND FARMER, ABINGDON, ILL.

The CHAIRMAN. State your full name for the information of the committee.

Mr. ROBERTSON. My name is L. H. Robertson.

The CHAIRMAN. Where do you reside?

Mr. ROBERTSON. In Illinois.

The CHAIRMAN. What is your occupation?

Mr. ROBERTSON. I am a cattle feeder and farmer.

The CHAIRMAN. Will you make your statement to the committee as briefly as you can?

Mr. ROBERTSON. What I wanted to mention to you, gentlemen, is this—that our feeding industry has been hit very hard in the last two years. We think that we need everything that would be able to do us any good in making our cattle as cheap as possible. We find in feeding in connection with our corn that if we feed molasses feed with our grain we can produce our cattle quicker, put them in a higher state of finish by far than we could with the old methods.

My father fed cattle before me; I have fed cattle myself for over 20 years. In the early days when we used to feed cattle, we fed them anywhere from six months to a year. To-day we can take a steer and make him a very good beef steer in 70 to 120 days by new methods of feeding.

I want to give you an idea as to what I think of the value of molasses. I would say that I would consider it something we could hardly do without. We need it; we can shorten up the feed period, make a steer drink more; they eat a little more feed but gain so much faster.

The CHAIRMAN. What do you want to urge or advise in connection with this tariff bill?

Mr. ROBERTSON. I would like to see the Cuban blackstrap molasses come in on the free list; that would be my idea.

The CHAIRMAN. Have you any statement you desire to file with the committee?

Mr. ROBERTSON. Yes, sir; I will say that I am a member and director of an association called the Military Tract Shippers and Feeders Association, located at Monmouth, Ill., with a membership of about 3,000—possibly over that, maybe 3,500; and I just want to say in behalf of all the feeders that I know that they indorse the putting of Cuban cane blackstrap molasses on the free list.

STATEMENT OF E. WILKINSON, REPRESENTING AMERICAN COTTON GROWERS' ASSOCIATION, BIRMINGHAM, ALA.

Mr. WILKINSON. I represent the Alabama division of the American Cotton Growers' Association.

Our condition is a little different from the conditions that have been presented, as we are users of manufactured sweet feeds; and to save the time of the committee I would ask that we be permitted to file a written brief and not take up your time at this late hour, and would like to know when that brief would have to be here. I have none prepared.

The CHAIRMAN. You may prepare it and send it as soon as you can, and we will endeavor to find a proper place for it.

Mr. WILKINSON. We present an entirely different feature.

The CHAIRMAN. What particular feature do you desire to call the attention of the committee to?

Mr. WILKINSON. The increased cost of feedstuffs which we buy—we are not producers of our feeds, we are buyers—and the increased costs of those feeds and the effect it will have on the cotton-growing industry.

The CHAIRMAN. The committee will be very glad to give your brief careful consideration.

Mr. WILKINSON. Thank you, sir.

(The brief is as follows:)

My discussion of this subject will be confined to the effect of any increase in the duty on blackstrap molasses in excess of one-quarter of 1 cent per gallon when used for animal food.

The House bill provides a sliding scale, with a basis rate of one-quarter of 1 cent per gallon when total sugar content is not in excess of 48 per cent, and further provides an increased duty of $0.0275 cent per gallon for each additional 1 per cent of total sugars.

The brief filed by the American Feed Manufacturers Association shows the total sugars of many different cargoes. In one case only was the analysis as low as 48 per cent, while in some cases it ran above 59 per cent, and the average was 54 per cent total sugar. The average duty would therefore be $0.0165 cent per gallon, above one-quarter of 1 cent, less the preferential allowed on imports from Cuba. This would increase the cost of blackstrap molasses for animal feed over $2.25 per ton, and in the cases showing 60 per cent total sugar might run as high as $5.50 increase in the cost per ton.

Taking the average of 54 per cent total sugar, making the increased cost of $2.25 per ton for molasses, the cost of assembling the ingredients to manufacture a ton of molasses feed of the grades used in Alabama would be increased 78 cents. The manufacturer will add to this amount 10 or 15 per cent to cover overhead and profit, making his selling price to the wholesale dealer in Alabama about $1 per ton above the amount he would charge on the flat duty of one-quarter of 1 cent per gallon. The wholesaler adds his usual per cent to this increased price, and the retail dealer then adds his per cent of profit to the price he pays the wholesaler. The price increases with per cent of profit added to each preceding increase until the original cost of 78 cents in assembling the material has become not less than $1.50 when the feed actually goes into consumption.

It is this feature which directly affects the cotton grower in Alabama, because he does not produce his requirements of animal food and must buy a considerable part of his requirements.

From October 1, 1919, to October 1, 1920, Alabama used 6,200,712 hundred-pound bags of manufactured feed. This included dry dairy and poultry feed in amount less than 35 per cent of the total, leaving 65 per cent as molasses mixed feed, or 4,030,462 hundred-pound bags, equaling 201,523 tons. This, based on the average analysis of 54 per cent total sugar content of imported blackstrap molasses, would cost the Alabama consumer over one-quarter of a million dollars more than it would have cost on a flat one-quarter of 1 cent per gallon duty.

As some of this molasses tests 60 per cent total sugar, the importer will in all probability take no chance on the importation or on his profit, but base his selling price on the possibility of a higher sugar content with the increased duty and only sell at a figure which will give a profit on the 60 per cent basis as a duty cost. It requires a firm strong financially and with large resources and investment in equipment to import blackstrap molasses. The Fordney bill will furnish an excuse for quoting blackstrap based on the highest sugar content, and, consequently, a much higher duty, which in all probability would double the estimate of a quarter of a million as increased cost of feed for one year to the Alabama consumers.

You gentlemen accustomed to dealing with millions may regard this as a small sum, and I therefore ask that you examine into the ability of our cotton growers to assume this increased cost. A small sum means much more to one class of people limited in resources than does a much larger sum mean to another class with a greater income. I have been asked frequently if Alabama was very prosperous because of the recent advance in cotton values. In some quarters the idea seems to prevail that the Alabama cotton grower was reclining on a "bed of roses" or traveling "easy street." Nothing could be further from the facts.

A glance at the production of cotton in our State will clearly demonstrate the prostrate condition of our agriculture. From 1900 to 1910, inclusive, Alabama produced annually an average of 1,166,000 bales of lint cotton. (See table herewith.)

In 1910 the boll weevil made his first appearance in Alabama, and by 1915 the entire State was infested with this uncontrollable pest, threatening with extinction the entire cotton-growing industry. From 1916 to 1920, inclusive, the State produced annually an average of 713,000 bales. (See table herewith.)

Our crop for 1921 will be about 650,000 bales, or a little over one-half of the annual 11-year average from 1900 to 1910.

The State department of agriculture in a late bulletin shows the number of plows engaged in the production of cotton in Alabama for the crop year 1921 to be 354,000.

The vast majority of cotton grown in the State is grown on a rental basis, one plow usually representing one family, renting 20 to 40 acres of land; the rental usually being one-third of the cotton produced, the tenant keeping the corn and other crops, an agreement being made as to the number of acres of cotton to be planted. If rented for a cash rent it is from $40 to $50 per year on the average. In central and south Alabama the tenants are Negroes, and in the northern part of the State very frequently they are white farmers. In addition to cotton, they cultivate a few acres of corn, a "patch" of sorghum or sugar cane. The corn produced furnishes the family bread, and sorghum or cane boiled down on the farm to the form of sirup is the "sweeting" for the family. If thrifty, a pig or two is raised, which is the family supply of meat and lard. The corn grown will only supply food for the mule a part of the year, and molasses feed supplies the remainder. For cash the family depends exclusively on cotton. With 350,000 families engaged in the industry and a production of 650,000 bales, it is conclusive that the average family produced less than two bales of cotton in the year 1921.

At the present market values, two bales of cotton would bring about $160. From that must be deducted $30 for fertilizer and $40 for rent, and it is clear that the year's work would net about $90 or about $7.50 per month. Corn bread, molasses (home produced), and a little pork have eliminated to some extent the expense for food, yet the fact remains that suffering is very extensive and acute.

It is on these unfortunates, with an income of $7.50 per month cash, which must provide clothing, coffee, horse feed, schoolbooks, and other necessities, that this quarter of a million dollars will fall, by increasing to that amount the cost of the horse feed necessary to maintain their animals. It means to them the last straw which will "break the camel's back." The pressure since the boll weevil first appeared in 1910 is intense and has reached the limit of human endurance. Any increase in the cost of existence will mean greater disaster and increased suffering for many thousand families.

In their behalf I most respectfully urge this committee not to render their lot more hopeless, but limit their cost of horse feed by a duty on imported blackstrap molasses for animal food not in excess of one-quarter of 1 cent per gallon.

I desire to call your attention to one more point of deep interest to the Alabama farmer. In October last the legislature of our State passed a good-roads bill, which will result in the expenditure of $25,000,000 on State highways. Under the Federal act we hope for a like sum from the National Treasury. The best engineers and contractors advise that 20 per cent of the total cost of hard-surfaced road construction is feed for the work stock used in the construction. Twenty per cent of the $50,000,000 is $10,000,000, and within a few years this amount of feed will be used in the construction of Alabama roads. Molasses-mixed feeds are our cheapest source of supply under present conditions and have been for years past. A high-grade molasses-mixed feed manufactured under the present duty sells in Birmingham for $30 per ton. Ten million dollars will buy 333,333 tons. The Fordney bill would make the same feed cost at least one-half million more, and would probably result in an increased cost of about $1,000,000. This sum would build from 200 to 400 miles of hard-surfaced roads.

The necessity for good roads in Alabama is manifest, and their construction will grant material relief to the cotton grower described above. The per cent of illiterates in our State is very high. During the winter our roads do not freeze, and the nature of our soil (largely clay), with our heavy winter rainfall, produces a condition which renders them impassible, preventing children in rural districts from reaching a schoolhouse a large part of the year. Road improvement will make the schoolhouse accessible to thousands of children, greatly reducing our illiteracy.

To the one-plow farmer, with a cash income of $7.50 per month, improved roads will offer relief and renewed hopes. With their construction, milk, eggs, butter, and vegetables produced as a side line would find a market in the cities and could easily double and quadruple the cash income of the family. Under the present road condition it is impossible to reach a market with them a large part of the year. Alabama ships in from other States annually eggs, butter, milk, and cream to the extent of many millions, and is of itself an agricultural State. Impassible roads explain that condition, and every mile of good roads built will help very materially by offering this source of revenue to our farmers.

A fixed duty of not over one-quarter of a cent per gallon on imported blackstrap molasses for animal food will be acceptable. A sliding scale rendering uncertain the delivered price is not desirable.

The Louisiana and beet producer of molasses will unquestionably demand a heavier duty as protection to an American industry. I raise no protest at a duty on sugar

which will grant them protection on sugar as against the cheaper production of other countries. We desire to increase our production, but as the blackstrap is a by-product, and this country can produce only a very small per cent of the required quantity, it is unwise to tax a large number of users of molasses-mixed feed to protect a relatively few sugar producers. And especially is that true when the duty will be increased by a per cent of profit which the manufacturer, the wholesale dealer, and the retail dealer will add to the duty cost, and when passed on to the final consumer the duty of a few cents has assumed a size double its original proportions. Louisiana and beet molasses are not strong competitors, as each has its especial use and each its sphere of usefulness.

High freight rates and transportation cost prevent imported molasses from seriously injuring the beet product in the northern and western markets, and the same influence prevents the beet product from being a large factor on the eastern seaboard and Southern States. It costs for rail charges (the car furnished by the shipper) 2⅝ cents per gallon to move imported blackstrap from Mobile to Birmingham, a distance of about 240 miles, so that freight alone would furnish ample protection for the beet producer in the large consuming district where his product is used—namely, north of the Ohio and from the Mississippi west. The ocean carriage, freight to reach a Cuban port, loading and unloading is a charge against imported blackstrap in excess of its value in Cuba by 200 per cent, and added to a duty of one-quarter of a cent per gallon will give the Louisiana grower protection which would satisfy any fair producer, and any demand in excess of the amount above would be the demand of one who was oblivious to fair play and who would exploit a consumer by trust methods if given control of any situation.

Any duty above one-quarter of 1 cent per gallon will render less valuable to the States in the Southeast all State and Federal aid to good-roads construction. Every mile of good roads will mean better citizens and lawmakers to-morrow by education of the barefoot children of to-day. Every mile of good roads will also mean an opportunity for the overburdened cotton grower to diversify and market perishables that normally go with every good effort at agriculture, but have been impracticable in the cotton belt and will be impracticable until our roads are improved.

In the interest of a higher type of man and womanhood for the coming generation, and as simple justice to the family struggling to exist under the pressure of adversity, I ask that the duty be limited to not more than one-quarter of 1 cent per gallon, when for animal food.

I realize that war has made it necessary to raise immense sums to liquidate obligations, but believe this great Nation is too rich in resources to raise the needed revenue at the expense of illiteracy and from the income of homes where wheat bread and sugar are rare exceptions on the table and decent clothing and shoes for the children are unknown.

The Alabama Division of the American Cotton Growers Association, in the name of over one-third of a million families, most of them lacking the necessities of life, urge a modification of the Fordney bill and that the duty be a fixed and definite one of not more than one-quarter of 1 cent per gallon on imported blackstrap molasses when for animal food.

Lint cotton produced in Alabama.

[Figures taken from Alfred B. Sheperdson compilation of cotton production. Odd thousands omitted.]

Year.	Bales produced.	Year.	Bales produced.
1901	1,110,000	1916	550,000
1902	970,000	1917	520,000
1903	990,000	1918	790,000
1904	1,450,000	1919	720,000
1905	1,230,000	1920	670,000
1906	1,240,000		
1907	1,110,000		
1908	1,330,000		
1909	1,040,000		
1910	1,190,000		
10 years	11,660,000	5 years	3,250,000
Annual average	1,166,000	Annual average	650,000

1921 yield about 650,000 bales.

STATEMENT OF B. T. MANARD, REPRESENTING PENICK & FORD (LTD.), NEW ORLEANS, LA.

Mr. MANARD. I am representing Penick & Ford (Ltd.), dealers in both imported and domestic blackstrap. I will save the time of the committee by filing a brief.

The CHAIRMAN. Of course, you gentlemen will bear in mind that you are speaking to the same point, and it is really sufficient to file a brief.

(The brief is as follows:)

By adding to paragraph 503 the words "Molasses testing not above 40 per cent sucrose, one-fourth of 1 cent per gallon," you will permit the entry of only that grade of molasses known as "blackstrap" at the specific rate of one-quarter cent per gallon.

Dr. F. W. Zerban, an authority on sugar chemistry, advises that sugar can not profitably be extracted commercially from molasses testing as low as 35° by the polariscope or containing as little as 40 per cent sucrose. Sucrose is the table sugar which domestic sugar interests principally desire to protect. The crystallization of the sucrose in blackstrap is prevented by the presence in the liquid of a large per cent of ash, gums, and glucose or reducing sugars.

A review of remarks in the Congressional Record on pages 4406 to 4409, July 21, 1921, clearly indicates that it was the purpose of the House to provide for one-quarter of 1 cent per gallon on that specific grade of molasses called "blackstrap," but this object is unintentionally defeated by the application of the term "total sugars" to all grades.

Chairman Fordney, of the Ways and Means Committee, when presenting an amendment on July 21, 1921, is reported in the Congressional Record, page 4406, as saying:

"Mr. Chairman, this amendment reduces the duty on blackstrap molasses from 1 cent to three-fourths of a cent per gallon."

Eight days before, in replying to a letter from Brooks Elevator Co., of Minneapolis, Minn., in which they protested against duty on blackstrap, Chairman Fordney wrote: "It was committee's understanding that this sort of molasses, I believe, would test less than 48 per cent total sugars and be dutiable at 1 cent per gallon. I shall be glad to make inquiry and bring same to committee's attention."

The House eventually passed an amendment which was clearly intended to admit "blackstrap" at one-quarter cent per gallon, but on account of the misunderstood provisions the result shows a duty ranging up to 4 cents per gallon, or in terms used by feed manufacturers, $7 per ton. We ask that as much consideration be given to this error as is often given to a misplaced comma.

Blackstrap is handled by the dealers in large volume and on a close margin which requires terms of draft attached to bill of lading. To enable feed manufacturers to conduct their business efficiently, blackstrap dealers contract ahead for Cuban molasses and supply their customers as their requirements demand. It is not a speculative business, but occasionally something happens which causes much grief and every time it is the producer of domestic blackstrap that gets the benefit.

The latest case of this kind occurred in the spring of 1920, when importations were seriously interrupted by the sinking of two molasses tank ships which could not immediately be replaced. Buyer's contracts called for imported blackstrap at 8 cents per gallon. The feed manufacturers had orders for feed which had to be filled. The law of supply and demand worked as usual, and the domestic producers secured as high as 22 cents per gallon for their blackstrap.

Our Louisiana friends have had several tastes of high price for blackstrap. This year business has not been so satisfactory. If they want a good price in future the way to get it is to encourage an even larger demand instead of inadvertently seeking a prohibitive duty which would stifle those who make their product valuable. We recommend to them the fable of the goose that laid the golden egg.

STATEMENT OF JOHN M. ROGERS, REPRESENTING AMERICAN CANE GROWERS' ASSOCIATION.

Mr. ROGERS. I will not take up the time of your committee. With your permission I will also file a brief covering our position.

(The brief is as follows:)

The polariscopic test for molasses and sirups is not a true value test, as this method takes no account of the food, feed, or manufacturing value of sirups and molasses

the polariscope shows only one component—sucrose—when, in fact, the invert sugars not shown by the polariscopic test are of equal value.

This polariscopic test for molasses and sirups is inapplicable and unscientific. In the sugar schedule itself ample provision is made from the standpoint of refining sugars from liquors when intended for that purpose. The evident purpose and only thought of the framers of the law was that sirups and molasses were nothing more nor less than a form of or a potential source of sugar. New and entirely different uses of sirups and molasses having grown up requires adjustment of the schedule to conform to the purpose for which the products are used. For this reason we advocate tests that will determine the total sugar contents, including sucrose and invert sugars, all of equal value to the users of molasses.

This determination of the total sugars should prove of equal value to the buyer and users as to the sellers of sirups and molasses, in that each may know the true value of the product as scientifically proven. No user of sirups and molasses can otherwise properly determine the value to him, the quantity to use, or the results to be obtained in the usual trade usage of sirups and molasses.

The alcohol maker should know definitely the constituent parts and the total sugars of all kinds contained in the molasses he uses, otherwise he could not determine the value of the raw material used or estimate the cost of his finished product. In practice he does determine this fact before proceeding to manufacture alcohol from molasses.

The feed mixer is required by law in many States to conform to certain guarantees as to chemical analysis to show the unit values of the feed he manufactures. Regardless of statutory requirements, his feeds must conform to natural laws to produce desired results. The principles of the balanced ration have been scientifically worked out and are of proven values. The results to be obtained from the feeds used must be taken into account. As an example, feed for the use of the dairyman for milk production and the feeder of young stock for securing rapid growth and development require a feed high in protein and low in carbohydrates, while that fed for fattening stock must be the reverse—that is, proportionately high in carbohydrates and low in protein—while that for work animals is between the two. The feed value of molasses is contained wholly in its carbohydrate value (all the sugars being carbohydrates).

Any statement that the use of molasses in feed without test or regard for its carbohydrate (total sugars) value at once condemns such feed as unscientific and its use impractical. All feed mixers and feeders well know that the kind or character of materials in feed in no way determines the value of the feed except when due regard is had to the chemical unit value thereof.

Penick & Ford (Ltd.) (Inc.), of New Orleans, have a reprint of series of articles by W. H. Dalrymple, M. R. C. V. S., in which is set forth very fully the value of blackstrap cane molasses for the feeding of horses and mules, dairy and beef cattle, hogs and sheep. Dr. Dalrymple being an accepted authority on the subject of animal feeding and feeds, Penick & Ford, by the reprint and wide distribution of these articles have very properly given indorsement to and approval of the facts contained therein. Quoting from this reprint from Dalrymple by Penick & Ford:

"BLACKSTRAP FEEDING MOLASSES.

"But while blackstrap is a food, it should be understood that it is not a complete food, any more than potash alone constitutes a complete fertilizer. It is almost a pure carbohydrate, and the carbohydrates (sugar and starches) form one of the important ingredients of complete or balanced food. And, besides, it is one of, in some localities, the cheapest sources of this element and with a digestibility of practically 100 per cent.

"As intelligent feeders are aware, all stock foods contain certain elements, or nutrients, in certain percentages, which perform the function of supplying nourishment to the animal body for different purposes, such as the performance of work of different kinds, the production of flesh, of milk, etc. But in order to meet those requirements the nutrients, the chief of which are known as protein, carbohydrates, and fat, have to be properly or approximately balanced, otherwise some parts of the system may be excessively nourished at the expense of other parts, and in such cases the ration is sometimes termed one-sided; while, when the nutrients in digestible form are arranged so as to meet the needs of the animal they are termed a balanced ration. In the use of molasses, therefore, it should be made to take its place as an ingredient of the balanced ration, in supplying a considerable part of the carbohydrate element in concentrated form, just as one would use any other grain or concentrated ingredient, which we will endeavor to illustrate in some sample rations containing blackstrap.

"The amount of molasses to use in a ration will depend upon the character of the other ingredients. If, for example, the roughage part of the ration should be composed of the leguminous hays, which are rich in protein, more molasses may be used than if the roughage should be a grass hay, as the latter is more of the carbohydrate class of feeds to which molasses itself belongs. If a ration should contain too much of either the nitrogenous (protein) or of the carbonaceous (carbohydrate) element, the balance is upset, it becomes one sided, and supplies too much of one element and too little of the other. A balanced ration is approximated to meet the requirements of the animal under different conditions. If this is borne in mind by the feeder, he will readily understand that the mixture, no matter what the ingredients may be, should be so compounded as to meet those requirements in properly balanced form. If molasses should be the cheapest source of carbohydrates, the feeder should substitute as much of it as possible for other and more expensive carbonaceous grains—such as corn, under certain conditions, but not to excess—or that may make the mixture undesirable or one sided.

"For instance, in the case of horse or mule feeding, and where a little cottonseed meal and leguminous hay—such as pea vine, alfalfa, or choice lespedeza—is used, we find that a ration for a working animal weighing 1,000 pounds may be economically balanced by using about the following weights of the different ingredients: Two pounds cottonseed meal, 8 pounds corn chops or corn and cob meal, 6 pounds blackstrap, 12 pounds pea-vine or alfalfa hay.

"By figuring out the digestible nutrients in the above ration, it will be found to approximate the standard requirements for either of the animals mentioned under hard-working conditions.

"If, on the other hand, we use ingredients (feeding materials) which all belong to the same class of feeds, we get a ration that is altogether unbalanced, or one-sided. For example, if we try to make our ration out of molasses, corn, and timothy hay (a grass hay), we are using carbonaceous feeds all through, with the result that we get too much carbohydrates, which produce heat and energy chiefly, with too little protein, which goes to make muscle, etc.

"Again, if we use all protein feeds we err in the opposite direction. An illustration of this would be the use of cottonseed meal, oats, and alfalfa hay, all relatively rich in protein. In the former instance, we get too much carbohydrates (starches and sugar), with too little protein, for the needs of the animal; and in the latter an excess of protein, with a deficiency of carbohydrates. In either case we have destroyed the proper balance of the required nutrients and have supplied too much of the one or the other for the needs of our animal and for best results.

"Molasses, however, has a most valuable place in any ration for horses and mules on account of its high carbohydrates content, its high digestibility, and, ordinarily, its cheapness. But the amount will have to be regulated by the amount of the digestible nutrients contained in the other ingredients of the mixture. The weight of blackstrap is usually estimated at about 12 pounds to the gallon."

These fundamental facts are well known, and for successful feeding must be adhered to by the feeder if desired results are to be obtained. Therefore, not only economic necessity, but for parctical results, must the feed mixer and the feeder know the carbohydrate value of the molasses he uses, just as he must know the protein value of the other ingredients used in his feed. He can not assert that he simply dumps in such and such per cent or so many pounds of each ingredient in his feed without at once making the confession of utter disregard for the results to be obtained from feed so mixed. He must know, and does know, the carbohydrate (total sugar) value of the molasses he uses. His feed to be properly balanced must contain the proper ration of essential units. If he buys molasses testing high in total sugars (carbohydrates), he very properly reduces the volume of molasses in the feed; if low in total sugars, then the volume is increased. This, and this only, explains the variation of the percentage by volume of molasses used in mixed feeds, where the percentage of molasses varies in feeds for the several uses to which they are put. May not this explain the desire on the part of the importer for the high minimum test asked for? Blackstrap molasses produced in America is higher in total sugar content than that imported. By fixing a high minimum total sugar, or polariscopic test, all imported molasses comes in at the same level base rate. The domestic article is without the benefit of the true test value, and the producer must sell his superior product on the price level so fixed. The feed buyer is led to believe that "blackstrap is blackstrap," while the importer and feed mixer benefits by the very tests he now opposes in the tariff bill.

No argument is needed to show that the importer does carefully test molasses. Long exhibits of tests made covering periods of years are before you in the testimony

presented by the opponents. These tests, many of them, are quoted for periods several years before there was called to your attention the inequality of the existing tests and rates. Therefore, any claim on the part of the importer that to him "blackstrap is blackstrap," without regard to its total sugar value, is disproved by his own testimony. He did test for total sugars; he can test for total sugars; he does test for total sugars. The value of blackstrap molasses is its total sugar content and no other; therefore, the duty should be based on the true value, viz, the total sugars content.

Therefore, no feed mixer can operate nor feeder use molasses intelligently or profitably in his feeds without knowledge of the total sugars (carbohydrate) value. The total sugars (carbohydrate) content being the economic value of molasses, then molasses should pay duty on this basis.

In 1918 Herbert Hoover, then Food Administrator, appointed the committee on cane sirup and molasses. The personnel of this committee were: R. E. Milling, chairman, New Orleans, La.; N. W. Taussig, secretary, New York, N. Y.; G. R. Bunker, New York, N. Y.; C. D. Kemper, New Orleans, La.; W. L. Petrikin, Denver, Colo.

In the report made by this committee we find a true analysis of the various grades of sirups and molasses. From their report we quote:

"There are several grades of molasses and sirups, viz: (*a*) Cane-juice sirup. (*b*) Old-fashioned open-kettle molasses. (*c*) Centrifugal molasses, which may be divided into, first, centrifugal molasses derived from the open-kettle process; second, centrifugal molasses derived from the vacuum process; whether derived from either process, however, they are divided into first, second, and third molasses. (*d*) Refiners' sirups, which are subdivided into, first, the highest quality of filtered sirup; second, medium; third, unfiltered, fourth, blackstrap. (*e*) Commercial glucose, commonly known as corn sirup.

"Cane-juice sirup contains approximately 71 per cent of combined sugars, of which 55 per cent is sucrose and 16 per cent invert. A gallon of sirup weighing approximately 12 pounds we find that if based upon the above percentages contains 6.6 pounds sucrose, 1.92 pounds invert, or 8.52 pounds total sugars.

"First molasses contains 65 per cent combined sugars, 48 per cent of which is sucrose and 17 per cent invert, so we have 5.76 pounds sucrose, 2.04 pounds invert, or 7.80 pounds total sugars.

"Second molasses contains about 60 per cent combined sugars, 31 per cent sucrose, and 29 per cent invert, so we have 3.72 pounds of sucrose, 3.48 pounds of invert, or 7.20 pounds total sugars.

"Third molasses contains 50 per cent combined sugars, 30 per cent sucrose, 20 per cent invert, so we have 3.6 pounds of sucrose, 2.4 pounds of invert, or 6 pounds total sugars.

"Refiners sirup, highest grade, has 63 per cent combined sugars, 35 per cent surcose, and 28 per cent invert, so we have 4.2 pounds sucrose, 3.36 pounds invert, or 7.56 pounds total sugars.

"Trade and custom have declared that standard blackstrap must have a combined test of sucrose and invert of not less than 50 per cent and must be at least 42 Baumé at a temperature of 90° F. Final molasses meeting this test, or slightly above or below the same, would be considered blackstrap, whereas final molasses which is above standard blackstrap, say, 55 per cent combined sugars, while frequently sold as blackstrap, is of superior quality and should be classed as Louisiana third molasses."

Therefore, any test method that does not show the total sugar content of the molasses or sirup fails totally in arriving at their true food or economic value. Even though the regulations be changed to this proper method, the result would be equally abortive and of no value if the minimum scale for total sugars be placed at a point above the total sugar test of any of the various grades.

The regulations previously in effect have no meaning because of high point polariscopic test of 40 degrees, for the reason that as shown in the report quoted only the two very highest grades of sirups contain as much as 40 degrees sucrose (the only factor shown by the polariscope), and since there is but little importation of such high-grade sirups the result is that nearly all sirups now imported come in at the same rate, there being no discoverable difference by the polariscope.

By placing the minimum test and the base rate at 48 per cent total sugars, then, in that event, all sirups and molasses imported would come in on their true test and at fair proportionate rates. Any higher minimum would be wholly meaningless and simply result in all importations coming in at a flat tariff rate regardless of quality or value.

RATES IN FORDNEY BILL.

The rate in the bill now before you reads twenty-five one-hundredths of 1 cent per gallon for molasses testing not above 48 per cent total sugars with two hundred and seventy-five one-thousandths of 1 cent for each per cent of total sugars over and above 48 per cent.

This would mean for the blackstrap molasses testing 50 per cent, eight-tenths of 1 per cent per gallon general tariff, sixty-four one-hundredths of 1 cent from Cuba.

Duty per gallon on molasses testing 48° and above total sugars.

Testing not above—	In general.	From Cuba.	Testing not above—	In general.	From Cuba.	Testing not above—	In general.	From Cuba.
°	Cents.	Cents.	°	Cents.	Cents.	°	Cents.	Cents.
48	0.25	0.20	56	2.45	1.96	64	4.65	[illegible]
49	.52	.42	57	2.72	2.18	65	4.92	[illegible]
50	.80	.64	58	3.00	2.40	66	5.20	[illegible]
51	1.07	.86	59	3.27	2.62	67	5.47	[illegible]
52	1.35	1.08	60	3.55	2.84	68	5.75	[illegible]
53	1.62	1.30	61	3.82	3.06	69	6.02	[illegible]
54	1.90	1.52	62	4.10	3.28	70	6.30	[illegible]
55	2.17	1.74	63	4.37	3.50	71	6.57	[illegible]

There should be a rate of not less than 1 cent per gallon, 48 per cent test total sugars with two hundred and seventy-five one-thousandths for each additional degree. This would make the rate on molasses testing 50 per cent general tariff, 1.55; Cuban tariff, 1.24.

MOLASSES USED FOR OTHER PURPOSES THAN FEED MIXING.

During the war period large quantities of industrial alcohol were produced from molasses. This increased production of alcohol over the prewar period was caused by the demand of America and the Allies for alcohol for the manufacture of explosives and other war uses. Reports from internal revenue reports show that 90 per cent of all low-grade molasses imported during that period was converted into alcohol. From available data—such sources as internal revenue reports, Department of Commerce, Federal Trade Commission, and trade papers—it is clearly shown that the proportion of molasses used in the manufacture of alcohol and mixed feeds, for the latest dates, calendar year 1920 and fiscal year ending June 30, 1921, is molasses used for alcohol making, 60 per cent; feed mixing, 40 per cent. On this basis there were used from the 1920 (fiscal year) imports, which totaled 160,123,653 gallons, 60 per cent for alcohol making, or 96,074,191.8 gallons; 40 per cent for feed mixing, or 64,049,461.2 gallons; a total of 160,123,653 gallons.

The feed mixers claim to produce 3,000,000 tons of molasses feed annually. The average molasses content of mixed feed being about 20 per cent, makes the estimate of 60 per cent of imports for alcohol and 40 per cent for feed mixing in agreement with the feed-mixer's statement as to his production of 3,000,000 tons and the 20 per cent average molasses content of mixed feed.

You have before you exhaustive data in tabulated form in the brief submitted by Gray Silver. Having had the privilege of studying the official data contained therein previous to its filing, and out of deference to the committee, I would respectfully refer same to you as correct, this reference and application confined solely to the tabulated data.

Please note that molasses from our insular possessions, Porto Rico and Hawaii, should be treated as domestic production and not imports.

Referring again to alcohol production, it is significant that this industry, although far the largest users of molasses in manufacture, has voiced no protest either against the tests for total sugars or the rates asked for. The producers of industrial alcohol use no other mixture in making their product, and since for each gallon of molasses (dependent on its total sugar content) produce from six-tenths to eighty-five one-hundredths gallon of alcohol, molasses being 60 to 85 per cent of their finished product, whereas in feed mixing the proportion is 20 per cent. The larger users of molasses both in volume and in proportion to finished product apparently are not protesting

MOLASSES MIXING.

It is significant that the leading opponents of the proposed new schedule on sirups and molasses—and allow me to say right here that the schedule is not restricted to blackstrap but covers all grades of molasses; in fact, the word "blackstrap" is not mentioned in the act—are not feed mixers but mixers of sirup for human consumption. It is a well-known fact that they take the by-products of the starch factories, corn sirups, etc., and flavor them with cane molasses, which comes in direct competition with all of the pure cane and sorghum sirups grown in America.

This is of vital importance to the cane-growing industry of Louisiana, but I am frank to say that I believe it is of more importance to the sirup producers outside of the State of Louisiana.

The production of sirup in America for direct consumption is very material, as evidenced by the following report from the Yearbook of Department of Agriculture for 1920:

Area of sugar cane and production of cane sirup in the United States, 1919 and 1920 (not including sorghum).

State.	Total cane area.		Area harvested for sirup.		Sirup made.	
	1920	1919	1920	1919	1920	1919
	Acres.	*Acres.*	*Acres.*	*Acres.*	*Gallons.*	*Gallons.*
South Carolina	9,300	7,700	8,900	7,400	979,000	1,369,000
Georgia	72,000	67,600	60,000	56,000	9,697,000	10,640,000
Florida	28,000	21,000	24,000	17,000	6,110,000	4,590,000
Alabama	73,000	62,500	60,000	51,000	10,298,000	8,480,000
Mississippi	35,000	31,400	29,000	26,700	7,497,000	6,675,000
Louisiana[1]	299,000	275,000	23,000	20,800	6,274,000	3,672,000
Texas	16,400	12,600	7,100	7,800	2,215,000	2,421,000
Arkansas	2,900	3,200	2,500	2,200	437,000	336,000
Total	535,600	481,000	214,500	188,900	43,507,000	38,183,000

[1] Not including blackstrap.

Sorghum for sirup: Acreage, production, and value, by States, 1920; and totals, 1917–1919.

State or year.	Acreage.	Average yield per acre.	Production of sirup.	Average farm price per gallon, Dec. 1.	Farm value, Dec. 1.
	Acres.	*Gallons.*	*Gallons.*	*Cents.*	*Dollars.*
Virginia	11,000	100	1,110,000	105	1,155,000
West Virginia	5,000	100	500,000	135	675,000
North Carolina	37,000	100	3,700,000	100	3,700,000
South Carolina	15,000	100	1,500,000	100	1,500,000
Georgia	15,000	94	1,410,000	104	1,466,000
Florida	600	140	84,000	100	84,000
Ohio	5,900	91	537,000	152	816,000
Indiana	15,000	82	1,230,000	140	1,722,000
Illinois	8,900	75	668,000	145	969,000
Wisconsin	4,000	75	300,000	180	540,000
Minnesota	3,000	100	300,000	150	450,000
Iowa	5,100	96	490,000	143	701,000
Missouri	49,000	83	4,067,000	125	5,084,000
Nebraska	2,000	95	190,000	135	256,000
Kansas	5,000	86	430,000	125	538,000
Kentucky	51,000	95	4,845,000	107	5,184,000
Tennessee	20,000	90	1,800,000	101	1,818,000
Alabama	90,000	99	8,910,000	90	8,019,000
Mississippi	72,000	90	6,480,000	90	5,832,000
Louisiana	600	110	66,000	100	66,000
Texas	7,900	94	743,000	105	780,000
Oklahoma	7,400	94	696,000	108	752,000
Arkansas	42,000	90	3,780,000	105	3,969,000
Utah	500	100	50,000	125	62,000
Total	472,900	92.8	43,786,000	105.2	46,138,000
1919	429,500	82.4	35,409,000	110.3	39,054,000
1918	374,800	79.1	29,643,000	96.3	28,532,000
1917	415,200	90.3	37,472,000	69.5	26,055,000

All sirup brought in that can be used directly for human consumption or for the flavoring of mixed sirups comes in direct competition with both the cane and sorghum sirup produced.

COMPETITION WITH DOMESTIC PRODUCTION.

The contention that "blackstrap is blackstrap" is not only incorrect, but sinister in its purpose and effect on domestic sirups and molasses. Every grade of the domestic product is admittedly superior to that imported. In Louisiana the term "blackstrap" is often, by the buyers, made to cover even second and third molasses. If imported low-grade molasses is allowed to enter on a polariscopic test or total sugar test of a minimum above 48 per cent, then this high-grade domestic product will continue to meet the low-quality imported molasses on the "blackstrap is blackstrap" level. Because of this very condition to-day buyers are offering only 2 cents per gallon to the producer for the domestic molasses, when even on the present depressed market this domestic molasses has an intrinsic value basis total sugars of 4 cents to 6 cents per gallon. Yet, under the regulations and tariff by them proposed, the buyers in effect say, "Blackstrap is blackstrap. We offer 2 cents per gallon. Take it or turn your molasses into the bayou."

There is no other product in America to-day so closely confined in its primary market as sirups and molasses, this with particular reference to the lower grades. The entire market is confined to three buyers, and in Louisiana it is even more restricted.

We do not ask a duty that will add materially to the cost of mixed feed, alcohol, or table sirup, but we know that at 5 to 6 cents per gallon to the producer of domestic low-grade molasses and a proportionate price for the high-grade sirups there still is ample profits to users and converters of these sirups and a return to the producer that will enable him to provide containers for, rather than dump into the stream, his product.

A duty on "sirups and molasses of 1 cent per gallon for molasses testing not above 48 per cent total sugar with two hundred and seventy-five one-thousandths of 1 cent for each additional degree of total sugars" will enable the domestic producer to sell his product based on its intrinsic value and at a price of 5 to 6 cents per gallon for blackstrap. We think you will see the fairness of this and hope you will grant our request.

STATEMENT OF DWIGHT E. HAMLIN, REPRESENTING DWIGHT HAMLIN CO., PITTSBURGH, PA.

Mr. HAMLIN. I will just file a brief. The subject has been covered so well that there is no necessity for me taking up any more of your time, and I will do that.

The CHAIRMAN. You speak in conjunction with those who want either no duty or a small duty on blackstrap molasses?

Mr. HAMLIN. Yes, sir; we want no duty. I am a feed manufacturer and operate a farm in Pennsylvania.

The CHAIRMAN. I know you do.

(The brief is as follows:)

Our troubles are exceptionally serious to us. In fact, a tariff of one-fourth cent per gallon on 48 per cent total sugars and an additional twenty-seven and one-half hundredths of 1 cent for each additional 1 per cent sugars on blackstrap molasses will put the feed industry out of business. If the feed industry is put out of business, it will work a great hardship on thousands of dairymen, fat-cattle feeders, and truckmen and indirectly increase prices of all meats and dairy products.

The situation is just this: The bill as it now stands reads one-fourth cent per gallon duty on blackstrap molasses based on 48 per cent total sugars. Now, there is practically no blackstrap molasses that tests as low as 48 per cent total sugars, and in the extremely rare instances where it tests as low as that the molasses is regarded as adulterated. The average of imported blackstrap molasses would be about 54 per cent total sugars. Now, with the basic rate of one-fourth cent and an additional one-fourth cent, or, to be exact, two hundred and seventy-five one-thousandths of a cent for each 1 per cent additional total sugars above 48, you can see that the average blackstrap molasses will be assessed an extra 1½ cents per gallon, or a total, with the basic one-fourth cent, of more than 1¾ cents per gallon, and some of the higher-testing blackstrap, which may run as high as 60 per cent total sugars, would have to pay a

duty as high as 3¼ cents per gallon. What we want to do is to get the basis changed so that all blackstrap molasses can come in at the basic rate of not to exceed one-fourth cent per gallon. All previous tariffs have permitted all blackstrap molasses to come in at the basic rate, and this proposition of basing the duty on total sugar content is an entirely new proposition, and it certainly will not work in the case of blackstrap molasses, because who could afford to import blackstrap molasses without knowing whether the duty was going to amount to one-fourth cent per gallon or 3¼ cents per gallon?

There would be no way of keeping the molasses separate and no way of telling what it was going to analyze until it reached this country.

STATEMENT OF A. F. SEAY, ST. LOUIS, MO., REPRESENTING ST. LOUIS (MO.) AND EAST ST. LOUIS (ILL.) FEED MANUFACTURERS.

Mr. SEAY. I represent the St. Louis and the East St. Louis millers, and also the Ralston Purina Co., who have mills located in St. Louis and East St. Louis, Nashville, Buffalo, and Fort Worth, Tex.

I am not going to take up your time to tell you the situation that faces not only the millers but ourselves as manufacturers, but with your permission we should be pleased to make a brief statement.

I represent St. Louis (Mo.) and an East St. Louis (Ill.) molasses-feed mill interest, eight in number, also the Ralston Purina Co. of St. Louis, Mo., one of the largest manufacturers of molasses feed in the country, having mills located at St. Louis, Mo., East St. Louis, Ill., Buffalo, N. Y., Nashville, Tenn., and Fort Worth, Tex.

In our own company alone we employ some 200 traveling representatives and give employment to hundreds of others in our mills and offices. When all of the molasses-feed manufacturers are considered as a whole their total business runs into a tremendous volume, as shown by the brief filed by the American Feed Manufacturers' Association. This is an industry worth protecting, because it renders an economical service to the country at large.

Through the combining of certain feed materials and blackstrap molasses together, which is fed in conjunction with all home-grown grains, we enable the farmer to produce meat and dairy products in a shorter period of time and at a lower cost per pound; at the same time allow him to get more out of his home-grown grains than would be the case if he fed them without the molasses-feed mixture. So the molasses-feed business is not to replace home-grown grains but supplement them.

Blackstrap molasses is the basic raw material for this industry. Our country doesn't begin to produce this commodity in sufficient quantities to operate our present industries. Records filed with your committee show that in the United States we produce only about 8 per cent of the total blackstrap molasses used. We believe that it is the purpose of the committee to protect home industries, who depend on foreign materials with which to operate their plants, and permit them to secure such basic products at the lowest possible cost.

We object to the present basis of the Fordney tariff bill, which calls for a maximum of 48 per cent total sugars and a penalty for every 1 per cent over this amount. Blackstrap molasses imported into this country, as shown by statements already filed with you, varies considerably in the total sugar content, most of the cargoes running from around 50 per cent to over 60 per cent total sugars, and yet in

the manufacture of molasses feed we can not possibly get any more for that testing 60 per cent total sugars than that testing 50 per cent.

The nature of the business is such that blackstrap molasses is obtained from different shippers at the same time and stored together in large storage tanks. It would be impossible to market the same brand of feed and say to the dealers and consumers that this shipment has blackstrap molasses containing 6 per cent more sugar in it and we will have to charge you so much more than we did the last time. All sales are made at a definite price before the feeds are shipped. All blackstrap molasses, regardless of total sugar content has the same commercial value.

A further study of the Fordney tariff bill shows that even though there are several grades of the different grains listed therein and the markets in this country pay a different price for the several grades yet this bill permits their importation on a flat rate as follows:

Paragraph 723: Barley, hulled or unhulled, 15 cents per bushel.
Paragraph 724: Buckwheat, hulled or unhulled, 30 cents per hundred pounds.
Paragraph 725: Corn or maize, 15 cents per bushel.
Paragraph 727: Oats, hulled or unhulled, 10 cents per bushel.
Paragraph 729: Rye, 10 cents per bushel.
Paragraph 730: Wheat, 25 cents per bushel.

We believe that it is the desire of your committee to permit the importation of molasses and sirups which can not be used for table purposes or from which there can not be made a further extraction of sugar without penalizing the feed manufacturers, and further that such molasses can not be used for any other purpose than for feeding.

Upon investigation we find that where the total sucrose content of molasses doesn't exceed 40 per cent it would be unfit for table use or the further extraction of sugar. We therefore hope that you will see your way clear to segregate blackstrap molasses in a somewhat different way than you would molasses or sirups for table use or further extraction of sugar and consider same separately in the tariff on the basis of free entry or not over one-fourth cent per gallon duty.

CANDY AND CONFECTIONERY.

[Paragraph 506.]

STATEMENT OF WALTER C. HUGHES, REPRESENTING NATIONAL CONFECTIONERS' ASSOCIATION.

Mr. HUGHES. According to the 1919 census, there are about 3,15[illegible] manufacturers in our association, representing an investment of about $315,000,000. In addition, we have 3,500 candy jobbers and about 75,000 candy retailers, and these do not include the wholesale grocers and wholesale druggists who are large distributors of candy. We have no record of the entire number.

The total sales of the manufacturers for the year 1919 amounted to about $450,000,000. The total number of employees engaged in the industry, which does not include superintendents or salaried officials, was 76,000, and the total number of employees, which includes everybody employed in the industry, is about 250,000.

There is a direct relation between the duty on sugar and the duty on candy. The duty as proposed in the pending tariff bill is 30 per cent ad valorem.

Senator WATSON. To what are you addressing yourself now?

Mr. HUGHES. This is paragraph 506. I should have stated that when I began.

We recommend that the duty should be made 50 per cent ad valorem for these reasons.

Senator WATSON. What is it in the Fordney bill?

Mr. HUGHES. Thirty per cent ad valorem in the Fordney bill. We recommend that it should be made 50 per cent ad valorem.

Sugar of 96° test, in the Payne-Aldrich bill, was 1.68 cents; refined, 1.95 cents. At that time the duty on candy was 4 cents per pound, and 15 per cent ad valorem on candy under 15 cents per pound, and on candy over 15 cents per pound it was 50 per cent ad valorem. Under the Underwood bill the duty on 96° test sugar was 1.25 cents per pound; on refined sugar, 1.36 cents per pound; and the duty on candy was 2 cents per pound under 15 cents per pound, and 25 per cent ad valorem over 15 cents per pound.

The duty in the Fordney tariff bill on 96° test sugar is 2 cents per pound; on refined sugar, 2.16 cents per pound with, as I said a moment ago, a duty on candy of 30 per cent ad valorem.

The duty on 96° test sugar has been increased 60 per cent as compared with the duty that was in effect prior to the passage of the emergency tariff bill. Now, we must take also this fact into consideration, that the Underwood bill admitted sugar on the free list, on May 1, 1916, but that was repealed by Congress on April 27, 1916. Therefore, with free sugar contemplated the duty on candy valued at 15 cents per pound or less was 2 cents per pound, and valued at more than 15 cents per pound 25 per cent ad valorem. On this same basis, if the duty is to remain 2 cents per pound on 96° test sugar and 2.16 cents per pound on refined sugar, then the duty on candy should be 50 per cent ad valorem.

Senator WATSON. Have you worked out that relationship to your own satisfaction?

Mr. HUGHES. We have; yes, sir.

With reference to the duty on other raw materials in which we are interested, just to show the effect they have upon our costs, let me cite these illustrations.

Almonds, not shelled, present duty 3 cents; proposed duty 5 cents. Almonds, shelled, present duty 4 cents; proposed duty, 15 cents.

Walnuts, not shelled, 2 cents; proposed duty, 4 cents. Walnuts, shelled, 4 cents; proposed duty, 15 cents.

Egg albumen, another item which must be taken into consideration, present duty, 3 cents; proposed duty, 15 cents.

There are approximately 165 different kinds of raw materials which the manufacturers use on which duties have been increased anywhere from 10 per cent to 400 per cent, which, therefore, adds that much to their cost of production; and these raw materials include such supplies as essential oils, flavoring extracts, colors, and materials of that kind that increase the cost of the finished product. Therefore we are vitally interested with reference to these proposed increases in the duties on the various supplies that I have mentioned.

Then there is another thing which we must take into consideration and that is the question of foreign competition.

There are many large manufacturers in Germany, England, France, and Canada; and prior to the Great War they produced candy in very large quantities. The economic conditions in these countries are such at the present time that they are going to seek foreign markets for their output. They must keep their plants running, and, therefore, we can expect in the near future that, unless there is an import duty which will protect us against this foreign competition, we are going to have very serious foreign competition. The competition that we are going to have from the countries that I have mentioned is going to be on low-priced candies. It is very likely that approximately 80 per cent of the manufacturers in this country will come into competition with candies brought in from foreign countries. We recently made a survey of the industry, and we know that 80 per cent of the output of the entire industry is sold by manufacturers at under 20 cents a pound, and it is this grade of candy on which we expect the competition from foreign countries; that is, on the low-priced candy.

Senator WALSH. I do not think the imported candies are nearly so good as the American-made candies, even the poorer grades.

Mr. HUGHES. I am very glad to hear you say that, Senator Walsh. The imported candies were largely from England, France, and Austria. They were of special varieties which they made over there, but they are very likely more interested in selling the lower-priced candies rather than the candies of higher grade.

We must also take into consideration the question of the low cost of production in these foreign countries. As an illustration, over there the wages and cost of materials, and on account of the drawback allowed on exports, enable them to place these candies on the market at lower prices than they can be made for in the United States. As illustrative of this point, I am going to furnish you with some figures of wages paid to male and female workers in candy factories in those countries from which we will have the keenest competition.

Senator WATSON. You do not mean a common level of wages?

Mr. HUGHES. I was just about to read them for the different countries.

Senator WATSON. Very well.

Mr. HUGHES. Germany, 4 cents to 11 cents per hour; France, 4 cents to 13.5 cents per hour; England, 14 cents to 26 cents per hour. The wages paid to the same classes of female and male workers in the United States range from 25 cents to $1 per hour.

Senator WATSON. Did you interpret that in wages paid in American money?

Mr. HUGHES. Yes. This report from which I am reading was made for the benefit of the Ways and Means Committee of the House.

Now, with reference to the Japanese competition. I want to say a word about that, and then I shall be through. We are reliably informed that the Japanese have been over here for the purpose of seeing whether there is an opportunity to sell their candies in this country. We know that so far as the Japanese are concerned they have large factories over there in Japan—in Tokyo, Yokohama, and Kobe—and they are equipped, as I know personally, with modern machinery, a great deal of which was manufactured here in the United States. They are thoroughly up to date in their factories. The low cost of production is due to the extremely low wages which they pay employees, and also the low cost of raw materials.

The wages paid the male employees in candy factories average $1 per day, or $20 a month with board, as compared with $4 to $10 per day for male workers here in the United States.

One of the largest Japanese firms is located at Tokyo. That firm employs 2,000 laborers in its plant, and its plant is equipped in every way with modern, up-to-date machinery, and of course can compete with American manufacturers.

Therefore we are in this position, that we must have a higher duty on candy in order to meet this foreign competition. We recommend, therefore, as I said a moment ago, that the duty should be made 50 per cent ad valorem instead of 30 per cent ad valorem, as it is in the pending tariff bill.

Senator McLEAN. You have the recent importations?

Mr. HUGHES. No, sir. I would be glad, however, to furnish you with those figures, Senator McLean, or include them in the brief which I would like to have the privilege of filing, if I may.

Senator McLEAN. Are they increasing rapidly at the present time?

Mr. HUGHES. I could not say as to that, because I would not be in a position to answer that question accurately, but we anticipate that we shall meet very serious competition in that direction.

Senator WALSH. The imports for the 10 months of this year were 539,270 pounds, or about a half million pounds, and the production of the candy in America, in 1914, was 154,000,000 pounds.

Mr. HUGHES. It is the future that we are looking to rather than the immediate present.

Senator McLEAN. What percentage of the cost is labor cost?

Mr. HUGHES. That depends entirely upon the circumstances. It depends upon the class of candy; that is, whether it happens to be hand made or whether it is machine made. I can not answer that question without knowing the particular candy which you have in mind.

Senator McLEAN. Take the cheaper grades sold, for instance, at around 20 cents per pound. That would represent a large proportion, would it not?

Mr. HUGHES. Yes; 80 per cent.

Senator McLEAN. About what percentage would the labor be?

Mr. HUGHES. I would not want to say because I would not be able to give that information accurately.

Senator SIMMONS. Do you export any candy?

Mr. HUGHES. Prior to the war the exports were what you might call satisfactory. During the war they increased to a considerable extent due to the conditions with which you are of course familiar. Since the war exports have fallen off rapidly. At the present time, while I have not the figures before me, I know that they are very much less than a year ago.

Senator SIMMONS. The export trade before the war was somewhere near $2,000,000, was it not?

Mr. HUGHES. I should say just offhand, Senator—I would not quote this as a correct figure—that it would run probably less than that amount.

Senator SIMMONS. This document here shows that the exports for 1914 were valued at $1,329,000; in 1918, $1,856,000, an increase of about a half million dollars during the war. But even then the exports—I am referring now to what they were before the war,

$1,300,000—would be two or three times the imports. The value of the imports for the year 1921, or for the 10 months of 1921, were only $157,000.

Mr. HUGHES. What year?

Senator SIMMONS. 1921. For the 10 months of 1921 they were only $157,000. It would seem to me that you had not much cause to complain of that in view of the fact that the domestic production before the war was about 154,000,000 pounds.

Mr. HUGHES. I might say in answer to that question——

Senator SIMMONS (interposing). Certainly there is nothing in the present condition or in past conditions that would justify the apprehension you have expressed, and I do not think you have given the committee any special reason, or any particular reason for supposing that the future would be worse than the past.

Mr. HUGHES. We can say this with what you might call a reasonable degree of assurance, that we are going to have more intensive competition from these foreign countries. I mean that we are going to have it from this time on, perhaps not in the next month or the next six months, but during the course of a few years. The competition is going to be more intense than it was before the war.

Senator SIMMONS. It did not run in the line of candy before the war or during the war, so why do you suppose the competition from over there will hereafter run strongly in the line of candy?

Mr. HUGHES. For this reason, that these factories over there are going to keep going. They are going to find markets for their products in foreign countries, including the United States, and for that reason we expect that they are going to get into this market stronger than ever before.

Senator SIMMONS. Suppose they were to go into the market many times stronger, still our imports would not be equal to the exports.

Mr. HUGHES. They will have the advantage, however.

Senator SIMMONS. I do not know about that—not any more so.

Mr. HUGHES. There are lower production costs and wages.

Senator SIMMONS. But they had that advantage before the war, or at least the gentlemen who came before the committee before the war told us that.

Mr. HUGHES. But not to quite as great an extent, Senator Simmons, as they have at present. Conditions over there, as you know, are very serious now. They are much more serious than before.

Senator WALSH. You are troubled more about the ingredients than with the imports of the candy itself, are you not?

Mr. HUGHES. Yes.

There is no objection to the ad valorem duty of 50 per cent that we are advocating. It gives the Government that much more revenue by 20 per cent on anything that comes in.

BRIEF OF WALTER C. HUGHES, REPRESENTING THE NATIONAL CONFECTIONERS' ASSOCIATION.

SIZE OF INDUSTRY.

The confectionery industry is one of the largest industries in the United States. There are approximately 3,150 manufacturers, with an investment of about $315,000,000, who sell the wholesale and retail trade, consisting of approximately 3,500 candy jobbers and 75,000 candy retailers.

This, however, does not include several thousand wholesale and retail grocers and wholesale and retail druggists, through whom a large volume of candy is distributed.

We have no means of knowing the value of the investment of the wholesalers and retailers, but it is obviously very great.

The total value of the output of the manufacturers for the year 1919 was approximately $450,000,000.

The total number of employees engaged in the manufacture of candy, which does not include salaried officials, managers, office employees or salesmen, or the employees of the jobbers and retailers, is approximately 76,000.

The total number of employees engaged in the industry is approximately 250,000.

DUTY ON CANDY AS COMPARED WITH THE DUTY ON SUGAR.

The proposed duty will not give adequate protection to our industry, and we respectfully request that the duty on candy and all confectionery be made 50 per cent ad valorem.

There is a direct relation between the duty on sugar and the duty on candy and confectionery.

The duty on sugar as provided in recent tariff bills is as follows:

	Sugar.		Candy.	
	96° test.	Refined.	Under 15 cents per pound.	Over 15 cents per pound.
	Cents.	*Cents.*		
Payne	1.68	1.95	4 cents per pound and 15 per cent ad valorem.	50 per cent ad valorem.
Underwood	1.25	1.36	2 cents per pound	25 per cent ad valorem.
Fordney	2.00	2.16	30 per cent ad valorem	30 per cent ad valorem.

The duty on raw sugar 96° test in the pending tariff bill as compared with the present duty as provided in the Underwood bill is increased approximately 60 per cent.

Furthermore, the Underwood bill provided that sugar should be placed on the free list on May 1, 1916, but this provision was repealed by Congress on April 27, 1916.

Therefore, with free sugar contemplated, the duty as provided in the Underwood bill on candy and all confectionery valued at 15 cents per pound or less is 2 cents per pound, and valued at more than 15 cents per pound, 25 per cent ad valorem.

On the same basis, with the duty on raw sugar 96° test 2 cents per pound as proposed in the pending tariff bill, the duty on candy and all confectionery should be at least double the present duty which would be practically the same as the duty in the Payne-Aldrich bill and we are therefore asking for a uniform duty of 50 per cent ad valorem.

DUTY INCREASED ON OTHER BASIC RAW MATERIALS.

The present and proposed duties on various other raw materials, which are used in large quantities by manufacturing confectioners, are as follows:

	Present duties.	Proposed duties.
Almonds:	*Cents.*	*Cents.*
Not shelled	3	5
Shelled	4	15
Walnuts:		
Not shelled	2	4
Shelled	4	15
Egg albumen	3	15

The duties on 165 kinds of materials used by manufacturing confectioners have been increased from 10 per cent to 400 per cent, such as the increased duties on essential oils, flavoring extracts, and colors, which further increase our cost of production and make it still more difficult for us to compete with foreign manufacturers and which is surely going to be a serious factor in the development of our industry.

We are therefore vitally interested in the proposed duties on various raw materials and especially in the proposed duties on shelled nuts, which we consider are unreasonably high.

Furthermore, our industry is burdened with taxation to such an extent as to further increase our cost of production and make it possible for foreign competition to enter this market.

FOREIGN COMPETITION A SERIOUS FACTOR.

There are many large candy factories in Germany, England, France, and Canada which, prior to the great war, shipped candy into this country in large quantities. Smaller quantities were shipped from various other countries.

The economic conditions in these countries will force the owners of these large candy factories to sell their surplus production in foreign markets, and the United States will be an inviting field.

Taking into consideration these conditions, it is evident that in the very near future we must contend with intensive foreign competition unless we are given adequate protection by a higher duty than that provided in the pending tariff bill.

FOREIGN COMPETITION ON LOW-PRICED CANDIES.

Foreign competition will be on low and medium priced candies. Such candies are sold by manufacturers in the United States at prices averaging 20 cents per pound and less.

The cost of production has not decreased to such an extent as to enable United States manufacturers to make any further reduction in their prices and at the same time make a decent-living profit. Manufacturers have reduced their prices on an average approximately 50 per cent.

The slight decreases in the prices of some few basic raw materials are more than offset by the proposed increase in the duty on sugar and various raw materials and the increase in labor and overhead expenses, the latter, as compared with 1920, showing an average increase of about 40 per cent.

The low and medium priced candies are staple lines on which there is the keenest local competition. They are sold at a very narrow margin of profit and constitute approximately 80 per cent of the entire output of all kinds of candy.

Therefore 80 per cent of the entire output of the industry would be seriously menaced by low-priced foreign candies.

LOW COST OF PRODUCTION IN FOREIGN COUNTRIES.

Candy manufacturers in England, Germany, France, and Canada can produce the same grades of candy at a much lower cost of production than United States manufacturers, largely due to lower duties on various raw materials and drawbacks allowed on exports by these countries.

Wages and the cost of sugar and other materials are very much lower.

Wages paid to male and female workers in candy factories in those countries from which we will have the keenest competition are as follows: Germany, 4 cents to 1[illegible] cents per hour; France, 4 cents to 13½ cents per hour; England, 14 cents to 26 cents per hour.

Wages paid the same classes of male and female workers in candy factories in the United States average from 25 cents to $1 per hour.

JAPANESE COMPETITION.

We are reliably informed that Japanese candy manufacturers are making extensive investigations relative to the opportunities for the sale of their products in the United States.

Should they invade this market, as they very likely will do, it will be a very serious matter for our industry.

The low cost of production, due to extremely low wages and low cost of raw materials and packages, would enable them to flood this market with low-priced candies and would make them very formidable competitors.

Wages paid male workers in candy factories in Japan average about $1 per day, or $20 per month with board, as compared with $4 to $10 per day paid to male candy workers in the factories in the United States.

The candy factories in Tokyo, Yokohama, and Kobe, we are reliably informed, are equipped with the most modern, up-to-date candy machinery, a great deal of which was manufactured in the United States.

The quality of the candy manufactured in these plants and the method of packing compares very favorably with similar kinds of candy manufactured in the United States and England.

The Morinaga Confectionery Co. (Ltd.), of Tokyo, employs 2,000 male and female workers and is one of the largest concerns of its kind in either Europe and Asia.

OVEREXPANSION OF INDUSTRY IN THE UNITED STATES.

The confectionery industry in the United States has always been highly competitive, and, furthermore, due to overexpansion during the war period there is now serious overproduction and keener competitive conditions than ever before and a further invasion by low-priced foreign competition would be disastrous.

HIGHER DUTY ABSOLUTELY NECESSARY.

We are, therefore, appealing to you for adequate protection through a higher duty.

There is no opposition to a higher duty, and it would give our industry the protection which we must have against ruinous foreign competition.

We trust, therefore, that our request for a duty on candy and all confectionery of 50 per cent ad valorem will receive your favorable consideration.

81527—22—SCH 5——17

INDEX TO SCHEDULE 5.

NAMES.

SUBJECTS.

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

ON THE PROPOSED

TARIFF ACT OF 1921

(H. R. 7456)

SCHEDULE 6

TOBACCO AND MANUFACTURES OF

Revised and Indexed

WASHINGTON
GOVERNMENT PRINTING OFFICE
1922

COMMITTEE ON FINANCE.

BOIES PENROSE, Pennsylvania, *Chairman.*

PORTER J. McCUMBER, North Dakota.
REED SMOOT, Utah.
ROBERT M. LA FOLLETTE, Wisconsin.
WILLIAM P. DILLINGHAM, Vermont.
GEORGE P. McLEAN, Connecticut.
CHARLES CURTIS, Kansas.
JAMES E. WATSON, Indiana.
WILLIAM M. CALDER, New York.
HOWARD SUTHERLAND, West Virginia.

FURNIFOLD M. SIMMONS, North Carolina.
JOHN SHARP WILLIAMS, Mississippi.
ANDRIEUS A. JONES, New Mexico.
PETER G. GERRY, Rhode Island.
JAMES A. REED, Missouri.
DAVID I. WALSH, Massachusetts.

LEIGHTON C. TAYLOR, *Clerk.*
W. B. STEWART, *Assistant Clerk.*

NOTE.

Believing the greatest demand for the Tariff Hearings before the Senate Finance Committee on H. R. 7456 will be only for those schedules containing the particular items in which each individual is interested, the preliminary prints have been revised and indexed and printed by schedules.

The hearings are paged consecutively and comprise the following separate documents:

American Valuation.
Dyes Embargo.
Schedule 1.—Chemicals, Oils, and Paints.
Schedu'e 2.—Earths, Earthenware, and Glassware.
Schedule 3.—Metals and Manufactures of.
Schedule 4.—Wood and Manufactures of.
Schedule 5.—Sugar, Molasses, and Manufactures of.
Schedule 6.—Tobacco and Manufactures of.
Schedule 7.—Agricultural Products and Provisions } combined.
Schedule 8.—Spirits, Wines, and Other Beverages }
Schedule 9.—Cotton Manufactures.
Schedule 10.—Flax, Hemp, and Jute, and Manufactures of.
Schedule 11.—Wool and Manufactures of.
Schedule 12.—Silk and Silk Goods.
Schedule 13.—Papers and Books.
Schedule 14.—Sundries.
Schedule 15.—Free List.
Special and Administrative Provisions, and Appendix containing briefs received too late for printing in the volume containing the hearings upon the various schedules.

LEIGHTON C. TAYLOR, *Clerk*.

SCHEDULE 6.

TOBACCO AND MANUFACTURES OF.

TURKISH TOBACCO.

[Paragraphs 601 and 605.]

STATEMENT OF JUNIUS PARKER, NEW YORK CITY, REPRESENTING AMERICAN TOBACCO CO.

The CHAIRMAN. Mr. Parker, you reside in New York and represent the American Tobacco Co.?

Mr. PARKER. Yes, sir; I reside in New York City, and I am the general counsel of the American Tobacco Co., but in this hearing, at the instance of, I think, all cigarette manufacturers, I represent them. I say I think I represent all of the cigarette manufacturers, at least the larger cigarette manufacturers.

The CHAIRMAN. Will you give a list of the cigarette manufacturers represented by you?

Mr. PARKER. The R. J. Reynolds Tobacco Co.; Liggett & Myers Tobacco Co.; P. Lorillard Co. (Inc.); the Tobacco Products Corporation; Larus & Bro. Co.; Bloch Bros. Co.; and I have also been asked to speak on behalf of or represent the Tobacco Merchants' Association of the United States, which includes in its membership substantially all of the other cigarette manufacturers.

The CHAIRMAN. How many of them are there?

Mr. PARKER. The last report of the Internal Revenue Commissioner shows about 200; that is, 198 or 200 or 201; I do not answer exactly.

The CHAIRMAN. In general, the cigarette manufacturers?

Mr. PARKER. In general, the cigarette manufacturers.

The CHAIRMAN. Where are they located principally?

Mr. PARKER. A good many of them in New York, a good many in Illinois, and some in New Jersey; the smaller cigarette manufacturers are usually in the large cities and their brands have a large but local consumption.

The CHAIRMAN. Have you a list of these some 200 other manufacturers, Mr. Parker?

Mr. PARKER. No, sir; I have not, Senator.

The CHAIRMAN. They are in the report of the Commissioner of Internal Revenue, are they?

Mr. PARKER. No, sir; the names are not in the report, but the number is in the report.

The CHAIRMAN. Where could the committee get the names?

Mr. PARKER. Mr. Dushkind has the Tobacco Merchants' Association list of these cigarette manufacturers.

Mr. DUSHKIND. We have a partial list that is not altogether official.

The CHAIRMAN. Could the committee be furnished with a list as complete as may be?

Mr. PARKER. Certainly, sir.

The CHAIRMAN. Proceed, Mr. Parker.

Mr. PARKER. The provision of the Fordney tariff bill which I shall discuss is that provision which advances the rate of duty on Turkish tobacco from 35 cents to $1 a pound. I earnestly protest against that increase or any increase, on behalf of all of the cigarette manufacturers.

The language of the Fordney bill is confused, but I need not stop to discuss at any length that confusion. There is a provision that filler tobacco shall be increased from 35 to 45 cents a pound for unstemmed and from 50 to 60 cents a pound for stemmed, with the provision that that class of filler tobacco that is habitually used without stemming shall bear the same rate as stemmed tobacco; that is, 60 cents a pound instead of 45; and Turkish tobacco is about the only tobacco that we know of that is used without stemming, and on that there would appear to be imposed a duty of 60 cents. But then it provides further that the tobacco that is known as Turkish shall bear a rate of $1 a pound.

I understand there have never been any hearings before the Ways and Means Committee, but I understand also that this increase in the rate on Turkish tobacco was induced on the theory that California could grow Turkish tobacco if it were properly protected, and it was for that reason that I had some anxiety to hear Mr. Aram, who, so far as I know, represents the California Turkish tobacco growing industry. I do not know upon what basis this request is to be made, because I have never heard Mr. Aram.

Senator SIMMONS. Have they, up to this time, grown any tobacco of the Turkish type in California?

Mr. PARKER. No, Senator. No tobacco has ever been grown of the Turkish type, in my judgment, in California. The total California crop of tobacco—which is California tobacco and not Turkish tobacco—in the year 1920 was 200,000 pounds, as stated in the memorandum filed by Mr. Aram with the Ways and Means Committee.

Senator SIMMONS. Is that essentially different from the other cigarette tobaccos grown in this country?

Mr. PARKER. Essentially different? Yes; I think in the same sense that burley is different from Virginia, and in the same sense that Wisconsin is different from Maryland, and not otherwise.

Senator SIMMONS. Would the California product in any way take the place in the manufacture of cigarettes of Turkish-grown tobacco?

Mr. PARKER. Not at all; it is not substitutable.

Before I proceed with the California situation——

Senator LA FOLLETTE (interposing). In what respect is it similar to the Turkish tobacco, if there is any similarity?

Mr. PARKER. There is some similarity. The similarity comes from its being grown from Turkish seed, and the first crop that is grown from the fresh seed preserves some of the characteristics of the seed from which it is grown, the differences being made by the soil and the climate, precisely like Wisconsin tobacco has a resemblance to

Cuban tobacco, because it originated from the Cuban seed. But before we get to this California matter, if you will permit me, allow me to refer to some of the general considerations.

There is imported into this country substantially 40,000,000 pounds of Turkish tobacco. An advance of 65 cents a pound would be an advance of substantially $26,000,000 on that importation. There are produced in this country substantially 50,000,000,000 cigarettes. The production in the last fiscal year came down to about 47,000,000,000 from about 53,000,000,000 the year before. But there has been some picking up of the business since, because of the introduction of some new and cheaper brands, so I think it is fair in round numbers to say that there is a business in this country of substantially 50,000,000,000 cigarettes, and there are 40,000,000 pounds of Turkish tobacco imported—a proposed increase, therefore, of the tax on cigarettes of $26,000,000 is, as applied to the whole cigarette business, an increase of substantially 50 cents a thousand.

Senator LA FOLLETTE. What is the value of those 40,000,000 pounds of imported Turkish tobacco?

Mr. PARKER. It varies very much.

Senator LA FOLLETTE. I suppose it does.

Mr. PARKER. In a general way, I think that as an average it costs 55 to 70 cents in Turkey, with 35 cents a pound additional, or a little more than $1 a pound, duty paid.

The Ways and Means Committee and the Senate Finance Committee, with no hearings before either, but with the information derived from the Treasury Department and from the Revenue Department, concluded, and I think very wisely, that no branch of the tobacco business could be safely subjected to increased taxes. The only branch that seemed flourishing at all, and even that had fallen off 11 per cent, was the cigarette business. Therefore, I think that there has been an adjudication, as it were, that there ought not to be an addition of 50 cents a thousand to the cigarette tax, and that is what this proposed advance would amount to as a revenue measure spread over the whole cigarette business.

The CHAIRMAN. Did not the Secretary of the Treasury suggest the propriety of raising the tax for internal revenue?

Mr. PARKER. He gave that as one of the suggestions; I never understood that he suggested it otherwise than to give a list of things from the taxation of which a deficit might be covered.

Senator SIMMONS. The Secretary of the Treasury, if the chairman will pardon me, and Dr. Adams, speaking not, I believe, of tariff duties, suggested and stated that in their opinion the tax now imposed upon tobacco was as high as it was profitable for revenue purposes.

Mr. PARKER. That has been my understanding. There were no hearings before the Finance Committee; there were no hearings before the Ways and Means Committee. But every line of the tobacco business had fallen off; the cigarette business had fallen off over 5,000,000,000, or 11 per cent.

Senator SMOOT. Of course, Mr. Parker, you know that the amount of cigarettes now has even increased.

Mr. PARKER. Are increasing compared with those months which showed a falling off?

Senator SMOOT. Yes.

Mr. PARKER. And I wanted to deal, Senator, with the utmost frank-ness—I have a feeling that part of that decrease in 1920 was that pe-culiar condition, beginning in the fall of 1920, of stagnation, but I do think you ought to remember this——

Senator SMOOT (interposing). There was another reason also, Mr. Parker. Of course, there were quite heavy purchases before that slump in the number sold, and now that has all been disposed of and it is normal again.

Mr. PARKER. No, Senator, it is not normal again, and I will tell you why.

Senator SMOOT. What I meant to say was that the stock is normal, and the purchases are normal, and there is the regular rate of buying; they have to buy as they need them.

Mr. PARKER. No. I will tell you what is reflected in the reducing costs of tobacco. The American Tobacco Co. got out a cheaper brand called "111." The Liggett & Myers Tobacco Co. got out a cheaper brand and the Lorillard Co. got out a cheaper brand; and the tobacco people believe that the increases lately have been from the distribu-tion of those new brands which have not gone into consumption. But, Senator, the fiscal year 1920 showed 53,000,000,000; the fiscal year 1921, or ending June 30, 1921, showed 47,000,000,000.

I was assuming—and I believe, so far as we can judge, that is a fair assumption—that we have a business of substantially 50,000,-000,000.

Senator MCLEAN. What did you say the consumption in 1914 was?

Mr. PARKER. The consumption in 1914 was very much less. I have the figures here given by the commissioner's return. I haven't it in fiscal years; this is calendar years. In 1914 the business was only 16,000,000,000.

Senator MCLEAN. And the increase has been very rapid, has it not?

Mr. PARKER. It has been very rapid; the increase in the cigarette production in this country has been enormous. In 1910 it was only 8,000,000,000; in 1919 it was 53,000,000,000; in 1920 it was 47,000,-000,000.

Senator WATSON. What about the imports during that time?

Mr. PARKER. Of what—Turkish tobacco?

Senator WATSON. No, cigarettes?

Mr. PARKER. Very slight. The importation of Turkish tobacco has increased.

Senator LA FOLLETTE. In what branch of the cigarette business was there a slump—in the whole?

Mr. PARKER. So far as I know, in the whole business.

Senator LA FOLLETTE. If there was a diminution in consumption, have you any means of knowing in what grade of cigarette consump-tion there was a falling off?

Mr. PARKER. No, Senator; I do not think there is anybody who is informed. Different brands fared differently, but I do not think it was in any particular grade of consumption.

Senator MCLEAN. How about the price; was that increased?

Mr. PARKER. The price of cigarettes has been increased from time to time with the increase in taxes, and the price has been maintained high because of the tremendous increase in the cost of leaf tobacco. Prices are now going down, first by putting out new brands that se

20 for 15 cents instead of 20 for 20 cents, and, second, in the reduction in the price of staple brands.

Senator McLEAN. You are doing a pretty good business now, I take it?

Mr. PARKER. The cigarette manufacturers?

Senator McLEAN. The American Tobacco Co.

Mr. PARKER. The American Tobacco Co., yes. The American Tobacco Co. is doing a good business, but the American Tobacco Co.'s rate of profit on output or rate of profit on capital is not higher now than it was in 1912.

Senator LA FOLLETTE. How high is it?

Mr. PARKER. The last annual report of the American Tobacco Co. showed a rate of profit on its capital investment of about 10 per cent, and a rate of profit on its output of about 11 per cent.

Senator McLEAN. I think I saw in the paper the other day that the American Tobacco Co.'s earnings on common stock was something like 20 per cent.

Mr. PARKER. I think that is so, but that is because our common stock is small and our preferred stock and bonds, with a low rate of interest, is very large.

Senator LA FOLLETTE. What is your common stock?

Mr. PARKER. The common stock was $40,000,000 as compared with over $100,000,000 of other securities. A stock dividend was declared some time ago. But the report of the American Tobacco Co., differing in that respect from the other tobacco companies, beginning as far back as 1905 or 1906, has constantly given the amount of sales, the amount of profit, the percentage of profit on the sales, and the percentage of profit on the invested capital.

Senator McLEAN. What do you handle besides cigarettes?

Mr. PARKER. Tobaccos.

Senator McLEAN. Leaf tobacco?

Mr. PARKER. Oh, no; not leaf tobacco. We are manufacturers of established brands, like Bull Durham; plug and smoking. Then we are interested in a cigar company by stock ownership; I mean publicly interested in the American Cigar Co. So the American Tobacco Co.'s activities include the whole field.

Senator McLEAN. The American Cigar Co. buys leaf tobacco?

Mr. PARKER. It buys leaf tobacco as the American Tobacco Co., because it has to do it in order to manufacture.

Senator McLEAN. So that you are interested in leaf tobacco?

Mr. PARKER. Oh, tremendously interested in our raw material, but I thought you meant dealing in leaf tobacco.

Senator SMOOT. You are objecting to the putting of $1 per pound on filler tobacco, known as Turkish tobacco. If that $1 a pound was taken off, are you still objecting to the increase on filler tobaccos not specifically provided for, increased from 35 to 45 and from 50 to 60 cents?

Mr. PARKER. Yes, sir. But I would not discuss that, Senator, because that is largely a cigar proposition, and the cigar industry is represented here.

Senator SMOOT. Then you are simply objecting to the rate of Turkish tobacco of $1 a pound?

Mr. PARKER. That is so. I said, in the first place, that I did not believe the cigarette industry would stand an increase of 50 cents a thousand.

Senator WATSON. What proportion of the cigarettes made in the United States does your company make?

Mr. PARKER. I think about 20 per cent.

Senator WATSON. Do you use Turkish tobacco in all the cigarettes?

Mr. PARKER. We do not use Turkish tobacco in all the cigarettes we make.

Senator WATSON. In what proportion of the cigarettes that you make do you use Turkish tobacco?

Mr. PARKER. In 80 per cent—not the American Tobacco Co., but the cigarette industry of the country. And there we come to the gross injustice of this proposed increase of rates.

Senator WATSON. Do the other cigarettes made by other companies contain Turkish tobacco in the same proportion?

Mr. PARKER. They differ. The Liggett & Myers Co. has a brand called "Piedmont," much advertised, which is pure Virginia. The American Tobacco Co. has a brand called "Sweet Caporal" that has a small infusion of Turkish.

But the three leading brands in this country to-day in sales are Camel, Lucky Strike, and Chesterfield; and every one of those uses a proportion of Turkish tobacco. I know how much Lucky Strike uses, but I do not know how much Camel uses and I do not know how much Chesterfield uses, and I suppose the manufacturers do not think I would be perfectly reliable in telling how much Lucky Strike contains, and I am sure they would not be in telling how much Turkish these other brands use.

But you noted that tremendous growth in the cigarette business. That tremendous growth is precisely coincident with the development of the blended cigarette. In 1910 there were hardly any blended cigarettes made; in 1920 we consider that 70 per cent of all the cigarettes made are blended cigarettes.

Senator WATSON. What do you mean by that?

Mr. PARKER. There were 50,000,000,000 cigarettes manufactured in this country, and of that amount we think about 70 per cent are blended; about 20 per cent are pure domestic, and about 10 per cent are pure Turkish. Those are estimates.

Apply those percentages to the 50,000,000,000, and you have 35,000,000,000 cigarettes that are blended, some 10,000,000,000 that are pure domestic, and some 5,000,000,000 Turkish.

Senator WALSH. And in the blended cigarette is the Turkish tobacco usually used?

Mr. PARKER. You can work that out pretty well. Forty million pounds are brought into this country; at the rate of about 3 pounds per thousand to make the 5,000,000,000 pure Turkish requires about 16,000,000 pounds. If you deduct that you will have 24,000,000 pounds, and when you divide that 24,000,000 pounds into the 35,000,000,000 cigarettes you get about 20 per cent Turkish.

I have no doubt that some brands use more than 20 per cent Turkish; for instance, Fatima and Omar. I have no doubt some use less than 20 per cent; but it is about 20 per cent, those figures show.

Senator WALSH. In the blended cigarette?

Mr. PARKER. In the blended cigarette. Now, 20 per cent of the tobacco being Turkish, 80 per cent or four times as much is domestic, and unless we cigarette manufacturers are wrong, the development of this blended business has meant what? That in the blended cigarettes alone we are consuming 96,000,000 pounds of domestic-grown tobacco—grown in North Carolina, Virginia, South Carolina, and Kentucky, because burley has come to be used in cigarettes very much now.

There are 96,000,000 pounds of domestic used in making these blended cigarettes, whereas in 1910 the total cigarette consumption of leaf tobacco in this country was only for 8,000,000,000 cigarettes, or about 35,000,000 pounds.

Therefore, Mr. Chairman and gentlemen of the committee——

Senator WATSON (interposing). Is there a greater demand by the trade for the Turkish cigarette than the ones purely American?

Mr. PARKER. Generally. But, of course, the cigarettes are successful when they appeal to the smoker.

Senator WATSON. That is what I am asking about.

Mr. PARKER. If you want to know what are the most popular ones, judged by the volume of sales, I think I have indicated it by saying 70 per cent in volume of sales are the blended cigarettes.

Senator McLEAN. They are cheaper than the pure Turkish?

Mr. PARKER. They are cheaper than the pure Turkish, but the same price as the pure domestic. Take Liggett & Myers Co. It has two brands of cigarettes, both of which are distributed well and both of which are manufactured well. One is called the "Piedmont," an older cigarette brand; the other is called "Chesterfield." I do not know their figures. They sell at the same price, but I venture the statement that Chesterfield outsells the Piedmont two to one.

Senator McLEAN. Do you think the average smoker can tell the difference with his eyes shut?

Mr. PARKER. Yes; I think he can.

Senator McLEAN. Or with them open?

Mr. PARKER. I think if he did not tell by the first cigarette that he will tell in the consumption week in and week out.

Senator McLEAN. You say this enormous increase in the consumption came with the blended cigarette. It also came with the war, did it not?

Mr. PARKER. No, indeed, Senator. It began long before the war.

Senator McLEAN. It "began"?

Mr. PARKER. No, indeed. You see, these figures do not include export figures, because export cigarettes do not pay any internal revenue. Therefore, I can go right up the line. In 1910 it was 8,000,000,000; in 1911 it was 10,000,000,000.

Senator WALSH. Of what?

Mr. PARKER. Of cigarettes.

Senator WALSH. Of all cigarettes?

Mr. PARKER. Of all cigarettes.

Senator WALSH. I was asking about the blended cigarettes. He asked you if the blended cigarettes had not increased during the war.

Senator McLEAN. The cigarettes increased enormously during the war. It might have began before the war.

Mr. PARKER. The increase, so far as our soldiers consumed them in France, is not reflected here at all.

Senator McLEAN. But they got the habit there?

Mr. PARKER. The increase has been in greater proportion——

Senator McLEAN (continuing). And I assume they have not dis continued the habit on the return very largely?

Mr. PARKER. In 1910, it was 8,000,000,000; in 1911, it was 10,000, 000,000; in 1912, it was 13,000,000,000; in 1913, it was 15,000,000,000 in 1914, 16,000,000,000; in 1915, 17,000,000,000; in 1916, 25,000, 000,000. But we had not gone into the war in 1916.

Senator McLEAN. No; but the war was on.

Mr. PARKER. But these figures do not include those shipped t foreign Governments. because they do not buy internal revenu stamped goods, and therefore they are not a part of these figures.

Senator McLEAN. You have got 25,000,000,000 to account fo after the war began, which is something of an increase.

Senator WALSH. Why is it that blended cigarettes are not mor expensive than domestic cigarettes, in view of the tariff?

Mr. PARKER. Well, in the first place, domestic leaf tobacco ha been very high. For instance, I am familiar with the Lucky Strik brand, because I represent the American Tobacco Co. always. Afte the armistice, when burley tobacco remained very high and whe shipping facilities were established well with Turkey, and the crop from there came over, our Turkish content in Lucky Strike cost us les than the Burley content. But that did not induce us to put in mor Turkish, because we had a blend that had shown its popularity, an whether a blend is popular or not depends not on relative prices; an it does not depend on relative qualities, except as the quality appeal to the smoker.

The American Tobacco Co. makes pure domestic cigarettes, a well as blended, and its livelihood is not dependent upon the Turk cigarette.

Liggett & Myers Co. makes pure domestic cigarettes and blend cigarettes. The Reynolds Tobacco Co. makes blended cigarette But if you take the small manufacturers they almost all make pu Turkish cigarettes; and to increase——

Senator SMOOT (interposing). Pure Turkish?

Mr. PARKER. Pure Turkish—the small manufacturers; it is th local men in the cities, and so on. Their business is almost all pu Turkish.

Now, if you increase the duty as proposed in this bill, you increa the tax per thousand on the pure Turkish cigarette to the extent $2 a thousand. The internal-revenue tax now is $3. The duty 35 cents, 3 pounds to the thousand, makes a total of $4, and ther fore you will have a tax which would apply to the pure Turki cigarette of $6 a thousand, which is simply, in my judgment, pr hibitive.

Besides that, you are doing a vast injustice in putting this add tional revenue of $26,000,000 not on the whole industry but on th particular brands, because particular brands have been adverti and built up at the expense of tremendous sums of money; and wh you destroy the blend, when you destroy the formula of manufactur you have destroyed the brand. A brand that is 10 per cent Turki and 30 per cent burley and 40 per cent Virginia and 20 per ce Maryland—if it is to preserve its identity it has got to preserve th percentages, and to legislate to impose a tax falling unequally

lifferent manufacturers is the height of injustice to the manufacturer. And in saying that I am not particularly speaking in the interest of the American Tobacco Co., because that injustice can better be stood by he American Tobacco Co. and Liggett & Myers than any other two nanufacturers. Take such as Lorillard, the Tobacco Products, and he small manufacturers, and it would be destructive of their business.

I think, therefore, that from the point of view of revenue, from the point of view of the conservation of established brands and businesses, rom the point of view of the interests of the Virginia, North Carolina, nd Kentucky growers, that any increase on the tax on this Turkish eaf is very disastrous. Senator Simmons, at least, will remember hat 10 years ago, or 12 years ago, when the pure Turkish business vas growing, some North Carolina farmers and Virginia farmers, or pokesmen for them, took up with some Members of the Senate and House from North Carolina and Virginia the question of the increase n duty on Turkish tobacco for the protection, as they said, of Virginia and North Carolina tobacco. They abandoned that; it never was brought before any committee, because they came to realize, even at that time, that the blended cigarette had potentialities o the great benefit of Virginia and North Carolina farmers and not o their detriment; and time has shown the wisdom of that abandonment, because, as I said a minute ago, at that time the total tobacco used in cigarettes of all sorts was only about 35,000,000 pounds, whereas to-day in our blended cigarettes alone, disregarding for the moment pure Turkish and pure domestic, we are using 96,000,000 pounds of domestic tobacco.

Senator SIMMONS. Are any of the producers of cigarette tobacco demanding additional grade as a matter of protection?

Mr. PARKER. One. Mr. Aram, of California.

Senator SIMMONS. And that is upon the ground that they may aise it?

Mr. PARKER. As a substitute for the Turkish. No suggestion has come from the burley growers of Kentucky, the Virginia growers, North Carolina or South Carolina growers, or from any other section of the country—no slight suggestion has come that this duty should be raised, because they recognize—every intelligent one does—that it would jeopardize and be likely to be destructive to their interests to have this Turkish tobacco eliminated, believing, as they do, from seeing the growth of brands, that the very largest selling brands, the most popular brands, the brands that appeal the most, to the extent of 70 per cent of the entire production in this country, are brands that carry with them a little Turkish and a lot of domestic.

Senator SIMMONS. You have been speaking up to this time with reference to the cigarettes consumed in this country. Now, with reference to the cigarettes that you export, do you not export a large number of cigarettes?

Mr. PARKER. We export very few.

Senator SIMMONS. Do you mean the American producers, or are you speaking of your own company?

Mr. PARKER. I speak of my company now.

Senator SIMMONS. I am speaking of the whole industry.

Mr. PARKER. Senator, there is not as much export of cigarettes as there used to be. Every country is differentiating in favor of the domestic manufactured goods instead of the imported cigarette.

The British-American Tobacco Co. is a large exporter. It had fac-tories in Durham and Petersburg. But the British-American Tobacco Co. had to establish factories in China and India. The Imperial Tobacco Co. is a large user of American-grown tobacco, but its factories are in England. So the export of the manufactured cigarette from this country is falling off, and the inevitable tendency is to fall off, because every country differentiates in favor of the domestic-made product, as against the imported product.

Senator SIMMONS. What I had in mind to ask you is, do the for-eign consumers show the same preference for blended cigarettes that the American consumers do?

Mr. PARKER. I do not know, Senator. Camel cigarettes, I know, have a considerable export business. But as compared with the con-sumption of cigarettes throughout the world, the export from this country is insignificant.

It is suggested that this danger to the revenue, this injustice to the manufacturers, this injustice, in my judgment, to the leaf growers in Virginia, North Carolina, and Kentucky should be done—that this increased duty should be imposed--because a substitute for Turkish tobacco may be grown in California.

Senator SIMMONS. Mr. Parker, nobody is asking it, and for the present I am eliminating the California man, because we have not heard from him yet, and you say that up to this time there is no tobacco of the Turkish type produced, that they simply hope to pro-duce it in the future. There is nobody who produces a tobacco who is asking for this increase upon the ground that it is needed for the purpose of protection of the American product. This, then, assumes the aspect purely and simply of a revenue proposition.

Mr. PARKER. Except for California, it does.

Senator SIMMONS. Except for California—I eliminate that.

Mr. PARKER. Yes.

Senator SIMMONS. In reference to the revenue from the tobacco industry in this country, I was under the impression that according to the views of the Secretary of the Treasury and Dr. Adams, the expert, that we had gone to the limit in the revenue bill.

Mr. PARKER. I think you have gone beyond the limit of revenue production.

Senator WATSON. He made that statement here before the committee.

Senator SIMMONS. He did; that is my recollection.

Mr. PARKER. I think you have gone beyond the limit, so far as revenue is concerned. But if you have not, then I ask, in the name of justice to the manufacturers other than my own company, I ask in the name of justice to the tobacco growers in North Carolina and Virginia, that you protect the brands in their relative position by putting a flat tax on cigarettes.

It is not right, when there are no considerations of the proper protection of an American industry—it is not right, to destroy a man's brand, on which he has spent thousands of dollars advertising and selling, by requiring him to change the formula radically of his content, because when you have changed that formula you have destroyed that brand.

Senator MCCUMBER. How is the tax upon the mere brand of cigarettes going to be beneficial to those who desire to raise the tobaccos in California; how will it help them?

Mr. PARKER. It will not. Now, we come directly to this Cali-ornia situation. I am frank to say that, as I have heard it, this 'ordney bill tariff of $1 a pound was not intended as a revenue roducer; it was intended to protect and build up a so-called Cali-ornia production of Turkish tobacco.

We know a good deal about that California situation. The merican Tobacco Co. in 1909 or 1910 had a much larger proportion f the tobacco business of this country than it has now. We bought obacco in Turkey. We found conditions in Turkey uncomfortable, nd we spent thousands of dollars attempting to grow a substitute or Turkish tobacco.

The CHAIRMAN. Why did not these interests have a hearing efore the Ways and Means Committee?

Mr. PARKER. There was no hearing, as I understand, even from Ir. Aram. The first we ever heard of such was just about the time he Fordney bill was reported, and somebody found in an odd ariff hearing volume a memorandum filed by Mr. Aram, and there as no opportunity for a hearing. When we found it the hearings ad closed.

But, as I was saying, in answer to your quesion, the American 'obacco Co. literally spent thousands of dollars in attempting to row a substitute for Turkish tobacco, and in many other places has been experimented with—North Carolina, South Carolina, and alifornia.

Mr. Melachrino, the founder of a large Turkish cigarette business, he Melachrino brand, attempted the production of Turkish tobacco Colorado and California.

In 1911 the California business and the San Francisco business f the American Tobacco Co. was conveyed to the Liggett & Myers o. They continued the experiments that we had begun in Cali-ornia.

Mr. Drucklieb, a large Turkish leaf dealer in New York, tried it the Carolinas and in New Jersey, and we could not grow a substi-ute for Turkish tobacco, and that is not strange. Nobody has een able to grow a substitute for Cuban tobacco. You can not row in Wisconsin burley tobacco; you can not grow in Wisconsin orth Carolina tobacco.

Even if conditions in California, to the superficial observation, ere precisely similar to what obtains in Turkey——

Senator LA FOLLETTE (interposing). How extensive were your xperiments in California?

Mr. PARKER. They extended over several years. They involved n expenditure—we leased the land—of $20,000 or $30,000.

The CHAIRMAN. I see in the appendix of the Ways and Means eport that there is a brief on the Turkish tobacco question by the ssociated tobacco growers of California.

Mr. PARKER. That is what I said; that is what we first found, and think you will find it on page 4439.

The CHAIRMAN. Yes; that is the page.

Mr. PARKER. That is Mr. Aram's memorandum.

The CHAIRMAN. And that is the only information we have on this?

Mr. PARKER. That is all. Another consideration that has got to e taken into account is this: Reference is made to their ability to row Turkish tobacco in California, but really we think it is quite

like a man who would go to England, saying that he could grow American tobacco there.

The fact is that the Turkish tobacco production in that country is as large as the United States, and there is as much difference between Xanthi and Kavalha tobacco as there is between Wisconsin and North Carolina tobacco, and it would be a little absurd, from my point of view, for an Englishman who was born in Wisconsin to say, "Well, I have been able to develop American tobacco." He may, perchance, have been able to develop something somewhat like Wisconsin tobacco, but he has not been able to develop burley or Virginia or Maryland or perique.

Senator WATSON. Your contention is that this effort to grow Turkish tobacco in California has not succeeded in that it has not developed a real substitute for the Turkish?

Mr. PARKER. Absolutely, and never will.

The CHAIRMAN. Will you permit me, Mr. Parker? The committee has agreed, as well as the experts, that we must finish this schedule to-day. We recognize you as the chief speaker on the one side of the question and Mr. Dushkind and his associates on the other, as I take it?

Mr. PARKER. No; there is no disagreement between Mr. Dushkind and his associates and myself. It is Mr. Aram.

The CHAIRMAN. The committee appreciates the value of your remarks, but we must limit these things in reason. Have you come to any agreement with those holding opposite views on this question as to the time?

Mr. PARKER. No; I never met Mr. Aram.

The CHAIRMAN. Is there any gentleman present who desires to be heard on the same subject as you?

Mr. PARKER. I think they do not desire to be heard, if I cover the question.

The CHAIRMAN. You will no doubt cover it thoroughly, as you have done in past years.

Mr. PARKER. I was going to say that, in the first place, we know California will not grow Turkish tobacco, because we have tried it and other manufacturers have tried it. In the second place, we are not surprised that it will not, because when you try to develop the aroma, the flavor, the body of a type of tobacco grown in one section in another 5,000 miles away, the chances are all against you.

Then we know, even superficially, that California is not like a great part of the Turkish territory. The extremes of heat and cold are different and fluctuate more rapidly. The season, so far as moisture is concerned, is different. But if you want what I think is the best theoretical advice as to whether California tobacco is Turkish tobacco, I suggest that you would have no better witness than Dr. Garner, who is the head of the leaf tobacco division of the Agricultural Department.

Moreover, in 1917——

Senator WATSON (interposing). Can the difference be detected by chemical analysis?

Mr. PARKER. I have no doubt it could, Senator, but chemical analysis of tobacco is not very satisfactory. You can determine it much better by smelling it; you can determine it much better by smoking it. But we would like to buy California tobacco; we would

ve to use California tobacco. Ultimately the production and use f California tobacco would be an economy to us. But it can not e done.

Now, what has been the history of that crop? Mr. Aram is an riental, an Armenian, I believe.

Mr. PARKER. There are several people in his section who have had n experience in Turkey, in Armenia, in growing tobacco. Now, they ave gotten Turkish seed. They have attempted to bring about a ubstitute for Turkish tobacco. In 1920 they grew 200,000 pounds, s Mr. Aram's brief says. He believes—and I have not a particle of oubt he is sincere in his belief—that he can grow tobacco that approximates Turkish. But here you have an industry 10 years old hich produces 200,000 pounds, and you have a consumption of urkish tobacco in this country to-day of 40,000,000 pounds.

Senator SHORTRIDGE. In 1920 there were 700,000 pounds produced instead of 200,000.

Mr. PARKER. Senator, I have not any information about it at all, xcept as contained in Mr. Aram's memorandum, and Mr. Aram ays in his memorandum the production is as follows: In 1906, 500 ounds; in 1910, 300,000 pounds; in 1919, 1,000,000 pounds; in 1920, 00,000 pounds. And then from 1906 to 1920, inclusive, or a period f 15 years, 6,500,000 pounds.

Senator SHORTRIDGE. Having made the statement I did, Mr. hairman, it is only just and proper to add that I have the crop gures verified, and we offer them as correct, showing the production of Turkish tobacco in California from 1906 down to and including 1920. In the year 1906 it was 500 pounds. I will not trouble ou at the moment to read the output each year successively. But n 1907 it had increased to 9,500 pounds; in 1908, 30,000 pounds, and o down—I pick up the matter at 1917, when there were 498,000 ounds; in 1916 there were 870,000, and in 1919, 1,525,000. It fell ff in 1920 to 700,000 pounds, for reasons which can be explained.

Mr. PARKER. Senator, you will quite understand I am not attacking the correctness of the figures, but I am justifying my statement, ecause it was entirely in good faith and on the statement made in Mr. Aram's brief.

Senator SIMMONS. I understood you to say that this California tobacco, spoken of as Turkish tobacco, is not of the Turkish type.

Mr. PARKER. It is not Turkish tobacco at all; it is California obacco. Ask Dr. Garner; ask any tobacco man. The Tobacco Products Co., whose president is here, has used some of the tobacco. He is using some now.

Senator SIMMONS. Is it bought in this market as Turkish, and do hey pay the prices obtained for Turkish tobacco?

Mr. PARKER. I did not understand.

Senator SIMMONS. Is it bought in this market as Turkish tobacco, nd by the concerns that buy and use it and pay for it the price they ould have to pay for Turkish tobacco?

Mr. PARKER. Not at all. The president of the Tobacco Products o. tells me he has negotiated for the purchase of some of this Californa tobacco in North Carolina. It has been taken down to North arolina and subjected to the process of redrying that is common in omestic tobaccos, and which is never applied to the Turkish tobacco.

He says it is the best California he ever saw. He is offering 35 cent and the man wants 40 cents.

Senator WATSON. Has that company attempted the use of Cali fornia tobacco in the manufacture of cigarettes?

Mr. PARKER. Not to any extent. Our company attempted som little use when endeavoring to grow it, and we never found it pleas us. The Tobacco Products Co. did try it, and still use it, and it entirely conceivable that if the California tobacco growers woul really produce tobacco and reach a dignity of output, if I may express it, it may be that somebody will get a blend and use some of i

Fifteen years ago, Senator, burley tobacco was not used in cigar ettes except by some manufacturers down in New Orleans, and i was a tradition of the trade that burley cigarettes would not outside of the Gulf States. But when Camel came and when Luck Strike came and Chesterfield came, the manufacturers were able blend with their Turkish Maryland and burley in cigarettes th hit the popular consumption, and nobody can foretell what combin tion will hit. But it is not Turkish tobacco, it never has been Tur ish tobacco, it never will be Turkish tobacco, and you had just well talk about protecting the banana business in order to creat banana business in Maine.

If the California growers grow tobacco and keep on growing i they may get some results. Mr. Dixon, of the Tobacco Products C told me this morning, "I am using this California tobacco. I d not think of it as Turkish tobacco at all. But I got up a cigaret that sold on the East Side in New York that contains some Turkis some burley, some Virginia, and some California. It is called 'Aft noon,' and it is selling fairly well."

But Mr. Dixon says further that "Under the stress of war tim and the impossibility of getting Turkish tobacco, I did try an expe ment once with this California tobacco as a substitute for Turkis I put in 10 per cent in three brands—Royal Nestor, Oxford, an Arabs; and those three brands were living brands when I put it i and they are dead now."

The smoker wants, gentlemen of the committee, what he wants.

The CHAIRMAN. Does the smoker show any bad effects from t consumption of these cigarettes?

Mr. PARKER. From the California tobacco?

The CHAIRMAN. Of the brand that died out?

Mr. PARKER. No, I think not. Of course, it is a very dangero thing, Senator, to experiment with the formula under which y brand is made, because there is a very intimate touch, and when account of the high cost of some particular grade of tobacco as co pared with the abundance of some other grade, the manufactu tries a substitution——

Senator MCLEAN (interposing). Do they put anything into cig rettes besides tobacco?

Mr. PARKER. Pure Turkish, no. The pure Turkish cigarettes, it my understanding, have only the tobacco. Virginia cigarettes, li Sweet Caporal and Piedmont, carry, I think, some sugar and th carry a little glycerin, because glycerin has an affinity for moistu and it is used in small quantities so that they may retain a fairly m condition. Camel and Lucky Strike cigarettes, I think, have add to them some chocolate, maybe, and maple sugar, and those ingre ents that frequently go into the burley tobaccos.

If not uninteresting to you, Senator, the Camel cigarette was pro-
uced by the Reynolds Tobacco Co., and it had made a tremendous
ccess in Prince Albert tobacco, and I have always had an impression
hat the Camel cigarettes carried with it some of the flavoring that
ad made the Prince Albert so popular. I know that Lucky Strike
as in it some of the flavoring and process of manufacture that being
pplied to Lucky Strike and Tuxedo tobacco had made them very
uccessful.

But if you mean to ask if there is anything in cigarettes that is
armful, unless tobacco is harmful; if you mean to ask whether there
s any dope in them; if you mean to ask whether there is a thing in
igarettes that has any harm in it, then I say with all emphasis, no;
nd I speak not only for my own company but I speak with emphasis
or every cigarette manufacturer in the United States.

So far as we conceive it, this is an attempt to carry the doctrine
f protection clean beyond any limits that have ever been suggested.
t is not to protect an industry, but it is to protect a hope and a vain
ope, and a hope that the theorist and the practical man condemn.
With all deference to the doctrine of protection, and with all defer-
nce to the productivity of California, it seems to us it is going too
ar and that this committee is not going to, as the House committee
vould not if hearings had been had, do the injustice to the industry,
he revenue, the owners of the brands, and the tobacco planter.

Senator WATSON. Do you want to strike out the whole dollar a
ound or modify it?

Mr. PARKER. I propose to strike out all the increase. I propose that
he tax on Turkish fillers or cigarette fillers be, as it has been since
1882, no higher than on cigar fillers. And so far as I have had any-
thing to say about the cigar industry, I have urged that that filler
ought not to be advanced over 35 cents.

STATEMENT OF HON. SAMUEL M. SHORTRIDGE, SENATOR FROM CALIFORNIA.

Senator SHORTRIDGE. Mr. Chairman, I will take but a very few
moments of the committee's time. I will very gladly follow the
suggestion of the chairman, and permit Mr. Aram, of California, to
present the matter more in detail.

I think it is proper, at the very outset, to say that the gentleman who
has just addressed you is in error when he says that the Ways and
Means Committee asked an ex parte statement. I am well informed
as to the action taken by the House committee. I understood him
to state that there had been no presentation of this matter to the
House committee, that no one had appeared, no one had been heard.
I understand that the matter was taken up before a subcommittee
of the Committee on Ways and Means and very thoroughly dis-
cussed, broadly and in detail, arguments for and against the proposed
increase being presented.

Senator SIMMONS. Is that discussion in the records of the Ways
and Means Committee?

Senator SHORTRIDGE. I am not able to answer, Senator, but I was
struck with the gentleman's remark, and turned to Mr. Aram, who
advised me as he will in turn advise you from his own knowledge.

I think it proper to have our minds fixed on the fact that the term
"Turkish" tobacco is a generic term and used to differentiate be-

tween many members of the tobacco family. In the term "Turkish tobacco" are included over 20 varieties of tobacco. The notion seems to prevail that from Turkey, whatever her territory may now be, comes one specific, well-defined type of the plant known a tobacco, and that that well-defined and exclusive type bears th extraordinary term "Turkish," and, moreover, that that particula kind of tobacco can not be raised elsewhere on God's earth than i Asia Minor. Such a notion is altogether erroneous.

There has been submitted here to this committee a tabulate memorandum containing much detailed information which I trus the members of the committee will have opportunity to read and t consider.

So much in brief reply to the remarks of the scholarly gentlema who has spoken.

The CHAIRMAN. Senator, will you permit me to interrupt you moment?

Senator SHORTRIDGE. Yes.

The CHAIRMAN. Do you desire to have that pamphlet printed a part of your remarks?

Senator SHORTRIDGE. I very much desire it.

The CHAIRMAN. It will be inserted as part of the Senator's state ment to the committee.

Senator SHORTRIDGE. Thank you. Touching the soil and climat conditions prevailing in California——

Senator SIMMONS (interposing). Senator, let me direct your atte tion to one thought I have in mind?

Senator SHORTRIDGE. Certainly.

Senator SIMMONS. You say there are various types of tobacc produced. The question, it seems to me, before this committee that we are considering it from the standpoint of protection, wheth it ought to be protected or not, whether there is produced in th country, in California, or elsewhere, a type of tobacco which comes competition with the Turkish tobacco, selling at something like th same price that the Turkish tobacco would sell at, less the duty im posed. It is a question of competition. There may be a great man types, but is there a type so nearly approximating that in all th elements that enter into the desirability of that type for use in th manufacture of cigarettes?

Senator SHORTRIDGE. It may be known that I am a protectionis I believe in the doctrine of protection.

Senator SIMMONS. I understood that very thoroughly.

Senator SHORTRIDGE. In the theory and the experience of prote tion, and my immediate answer to your thought is that there is pr duced in this country and there is produced in California a tobac which we designate "Turkish tobacco," which comes in competiti with tobacco grown somewhere yonder in Asia Minor—whether be in Turkey proper or surrounding territory is neither here n there. You are quite right in suggesting that this question does i volve an application, and I hope a true American application, of t American doctrine of a protective tariff, the purpose of which is build up and sustain an industry in this country which can not, protected, meet competition with the foreign product.

As to California, I was about to say, you are all familiar with geography. There was published some time ago by our Geographi

ociety a very interesting bulletin in which learned men undertook o account for the peculiar climatic conditions of the Pacific coast, rom, say, the northern boundary of Washington State down to the outhern boundary line of California. Having regard to ocean currents, to trade winds, and air currents, to latitudes and to altitudes, o the direction of the ranges of mountains, to rainfall on the western nd eastern slopes of our mountains; taking all of these physical acts into consideration in an attempt to account for the peculiar ummer and winter climate of California, the conclusion arrived at as, in point of truth, somewhat as Socrates would say, "That I do ot know." And yet, there it is. There is that peculiar climate, ifferent as to temperature and rainfall on the eastern and western opes of our mountain ranges, and hard to account for. In brief, limate and soil of hillsides and valleys differ for reasons suggested.

I trouble you with these words to come to the point, that this type f tobacco, spoken of as "Turkish tobacco," which comes in competion with the tobacco grown yonder in Asia Minor, is now planted, ultivated, grown, and produced in some 10 counties in California— Fresno, Tulare, San Joaquin, Santa Clara, Placer, Mendocino, olo, Yuba, Sacramento, and San Diego. In other words, this obacco is raised in San Diego County, our extreme southern county, nd in Mendocino County, away up in what we speak of as northern alifornia, and along the foothills of the western slope of the Sierras, the east of the Sacramento and the San Joaquin Valleys. To reeat, the raising of this tobacco is not confined to any one locality small territory.

Senator McCumber. Senator, may I ask you a question right ere?

Senator Shortridge. Yes, sir.

Senator McCumber. You stated a moment ago that there were ry many different species or varieties of tobacco raised in Turkey, or hat is known as "Turkish tobacco." Are all of those varieties which you speak used in the blends which make our cigarettes, is there but one specific variety out of the great number that may raised in what we call Turkish territory?

Senator Shortridge. Frankly, Senator, I am not able to answer our question. I understand that various types or kinds are imrted from Turkey, but what or how many varieties, under what rticular subnames, are used in this blending process, I am not lvised.

Mr. Parker. I do not desire to interrupt, but I can supply the formation if I may. A great deal of Turkish tobacco is not brought this country at all, and is as worthless for purposes of American anufacture as any tobacco in the world. But the blends themselves nsist of several varieties. For instance, in Pall Mall cigarettes is said there are 42 varieties that go to make up that combination; d even when there is a 20 per cent blend of Turkish in cigarettes at may be a half dozen or a dozen different varieties of Turkish bacco, the Xanthi being used for aroma, the Kavalha for taste, d the Smyrna for burning qualities or combustion.

Senator McCumber. Are they imported already blended?

Mr. Parker. No. The skill—and sometimes good luck of cigarette anufacturers is in blending and balancing the quality of the Xanthi

for aroma, and Kavalha for taste, and Smyrna for burning or com-bustion qualities.

Senator McCumber. Let me ask whether or not the tobacco which you raise in California which you call Turkish tobacco consists of only one particular kind or whether you have the several species that are imported from Turkey?

Senator Shortridge. If you will permit me, Senator, I will allow Mr. Aram to answer that, because I am not able to do so with any degree of certainty. It has been suggested here that efforts were made to raise this kind of tobacco in California and that they were abortive or a failure. Of course, I do not recall what detailed effort they made, or in what quantities it was raised, or where, or by whom but I have stated that this tobacco is now raised in 10 counties of our State. Manifestly, there are counties where it could not be raised.

Senator Simmons. Senator, does that tobacco raised in your State sell in the markets of this country at much higher prices or any higher prices than the average tobacco sells?

Senator Shortridge. It takes on a different value because of the sum total cost of production. It is an essentially different plant in size, in cost of production, etc., from other kinds. I have an "im-pression," to use that word, that there are gigantic companies in this country whose interests are hostile to the development of this par-ticular brand of tobacco in California, and their interests and contro over the market may be such as to effect the price offered for this particular tobacco.

Senator Smoot. Do you know what the price for the 1920 crop was

Senator Shortridge. I do not have the figures before me; bu Mr. Aram will be able to advise you.

May I trouble you for a moment longer? It was said at one tim we could not raise what has been erroneously called "English walnuts in California. Well, we raise California walnuts, still sometim called English walnuts, in great quantity and of the very fines quality.

It was erroneously thought, and I have heard it stated in this room that we could not raise almonds in California equal to the product of France or Italy or other European countries, but the evidence, th fact, is we raise the finest almonds in the market to-day, an adequately protected we can supply the American market.

It was said originally that we could not raise certain kinds of grap in California. But that suggestion has been long ago disprove We raise every variety of grapes, and prices are better than formerl

Now, it is said here this day that we can not raise this particul type or kind of tobacco in quantity or of quality sufficient to grati the tastes of the American smoker who wants to smoke cigarett blended or made up of a quantity of something containing a litt "Turkish" tobacco.

Senator McLean. A little chocolate, glycerin, and sugar.

Senator Shortridge. Yes; chocolate, glycerin, sugar, and oth unknown x quantities. I take issue with the gentleman; I deny h contention; we are ready to prove that his claim, or the claim of h clients, is utterly unfounded.

Now, as to the raising of this kind of tobacco: We started in 1906, with 500 pounds. Well, for some reason men continued plant and to cultivate, and Mr. Aram, who is an Armenian—

ave quite a population of native Armenians in California—and amiliar with the cultivation of this particular tobacco, will give you etailed information as to the growth of the industry from 1906 to he present time.

Senator WATSON. Senator, since 1913 the tariff has been 35 cents pound, I understand, on the unstemmed, and on the stemmed 50 ents a pound, and with that tariff you have been able to increase our production of tobacco, as you have stated, and why is it necessary to raise the tariff to $1 a pound?

Senator SHORTRIDGE. That is a pertinent question which calls for n answer, of course. Conditions in the world change. The price f labor changes; the cost of production changes here and abroad. Ve have abnormal conditions.

Senator WATSON. That is what I was trying to get at.

Senator SHORTRIDGE. I have thought of these things, and they re all incorporated, and a satisfactory answer in substance to your uestion is set down here in this memorandum.

Senator WATSON. I just wanted to get that.

Senator SHORTRIDGE. Yes; thank you, Senator. Permit me to epeat a few of these figures: In 1906, 500 pounds; in 1908, 30,000 ounds; in 1909, 30,000; in 1910, 300,000; in 1911, 490,000; in 1912, 50,000; in 1913, 215,000; in 1914, 245,000; in 1915, 500,000; in 916, 800,000; in 1917, 498,000; in 1918, 870,000; in 1919, due to ood conditions and many elements contributing, 1,525,000 pounds; 1920, for reasons to be explained, 700,000 pounds.

Senator CALDER. The war gave you an opportunity to develop the obacco there and impressed the value of it upon the country?

Senator SHORTRIDGE. Yes, sir. In other words, gentlemen, whatver may be said to the contrary—probably by gentlemen who have ot had the pleasure of visiting California or who have not come in ontact with the physical facts there—whatever may be said to the ontrary, the fact is, the outstanding fact is, that commencing with 00 pounds in 1906—experimental, if you will—the industry has rown, employing many men, women, and children, and in every way as been and is an advantage to the State and, moreover, I think, n advantage to the Nation.

Now, one more thought to which I wish to call your attention, nd then I will ask you to listen to Mr. Aram. Something was said s to the consumption of cigarettes in America. I have figures here ommencing with 1912 down to and including 1920. In 1912 it eems that our people got along by smoking 11,239,000,000 plus igarettes. But in 1920 they consumed 50,448,000,000 plus.

Senator WATSON. The women have learned to smoke in that time. [Laughter.]

Senator SHORTRIDGE. Yes; I believe in one of our States they have assed a law making it a penitentiary offense to smoke cigarettes in ublic. Whether that law is being enforced I am not advised.

The CHAIRMAN. I think in the State of Utah they are not permitted o smoke them at all.

Senator SMOOT. Oh, yes, they are. I would not care if they were ot.

The CHAIRMAN. Are they permitted to smoke in private?

Senator SMOOT. Oh, yes.

Senator SHORTRIDGE. In the matter of exports, in 1912 our mer- chants and manufacturers were able to export and did expor 1,630,000,000 plus, and in 1920 15,833,000,000 plus. It appears tha those figures indicate that the consumption has increased vastly an that the exports have similarly increased.

Senator McLEAN. We exported 15,000,000,000?

Senator SHORTRIDGE. Yes; exported from the United States.

Senator McLEAN. What is the unit—pounds or cigarettes?

Senator SHORTRIDGE. Cigarettes. The reports mounted up fron 1,600,000,000 plus in 1912 to 15,833,000,000 plus in 1920.

I thank you very much, gentlemen. I repeat that the House com mittee listened to this matter and reached a conclusion. We though then—we think now—that the conclusion was right, not on behalf o California alone—I trust that my vision extends beyond the terri tory of that State—for if that conclusion involved an industry o North Carolina or Florida, and the facts were as they are, I woul pray the privilege to stand here and speak in behalf of that conclu sion and that industry. It does not affect California alone. Of course, we have a very large territory, and we are no inconsiderabl portion of this Union. You can take all of New England, New York and Ohio and lay them down on the soil of California, and still we would have some unoccupied ground.

Senator SIMMONS. Senator, you said a little while ago that there were certain interests in this country that were very antagonistic to the growth of this Turkish tobacco in your State—at least that is what I understood you to say.

Senator SHORTRIDGE. Yes, sir.

Senator SIMMONS. I am rather at a loss to understand why any interest in this country should be antagonistic to that. Certainly the manufacturer who uses it as a blend ought not to object to it, because if you grew there the Turkish tobacco he would not have to pay that duty on it. He would get it at the American price, less duty. Cer- tainly the producers of the ordinary types of tobacco in this country ought not to object to it, because it is very clear, I think, that the Turkish tobacco has popularized the use of his tobacco, has extended the use of it; and the cheaper that class of tobacco is bought by the manufacturer the greater price he expects to get for his type of tobacco.

Senator SHORTRIDGE. Yes, Senator; I appreciate the force of your words.

Senator SIMMONS. Therefore, it seems to me that both the manu- facturer and the producer of tobacco in this country ought to wel- come the production in this country of Turkish tobacco, if it can produced here.

The CHAIRMAN. What are the interests that are opposed?

Senator SHORTRIDGE. I will answer that in a moment. I ha always thought that the cultivation of this tobacco should be encou aged. But strangely enough, whenever this question of fixing tariff on an imported article arises, there develops this confli Upon the one hand, there will be importers, or manufacturers clos related with importers, who come forward and say that the Americ product, whatever it may be—agricultural or manufactory—can n be produced in quantity or quality equal to the imported artic Wherefore they oppose a rise in the tariff; wherefore they ar

ınd say that the American product from field or shop never can be leveloped or produced to meet the demand.

Senator WATSON. Have you any evidence to show that the large obacco companies in the United States are interested in the Turkish obacco in Turkey or the other countries which have been referred to?

Senator SHORTRIDGE. I have been informed that they are largely nterested in the importation of this so-called Turkish tobacco, and hat because of business interests and connections abroad they want 10 increase in the duty, lest it will interfere harmfully with their 10w vested interests and connections.

Mr. PARKER. You do not mean that any of the tobacco manufacurers are interested in Turkish lands, do you?

Senator SHORTRIDGE. I do not know that they have title to the Turkish lands themselves, nor do I undertake to so state; nor is it iecessary that they should have.

Senator SIMMONS. Let me ask you this question: Is it your undertanding that Turkish tobacco sells in this market for less than merican leaf tobacco?

Senator SHORTRIDGE. I understand the different grades and inds——

Senator SIMMONS (interposing). Well, this Turkish tobacco. In his market, leaving off the duty paid on it, does the invoice price of 'urkish tobacco fall, or has it ever fallen, below the price of American igarette tobaccos?

Senator SHORTRIDGE. I understand not.

Mr. PARKER. Generally speaking, of course, you are perfectly ight—Turkish tobacco with duty added.

Senator SIMMONS. Take the duty off.

Mr. PARKER. Take the duty off? It varies very much in type and rice. Mr. Dushkind tells me that the average import price of 'urkish tobacco in bond—that is, without duty—is 94 cents.

Senator SIMMONS. Has any tobacco ever produced in this country old for that much?

Mr. PARKER. Yes; Connecticut tobacco.

Senator SIMMONS. I am speaking of cigarette tobacco.

Mr. PARKER. No.

Senator SHORTRIDGE. Finally, gentlemen, if this rate which we re asking were designed wholly and exclusively for the benefit of 'alifornia, I would ask it. But I would follow it by the statement hat it can not in the movements of business in America be hurtful o the consumers in America.

If Connecticut asks a special rate for her tobacco, I favor it, if it ill develop that industry in that State, not because of Connecticut lone, though if it were so I would favor it, but in the development f our common country. The development of the West helps the outh; the development of the South helps the North; the building p of New England creates a market for the West and the South. herefore, while I do not appear here in behalf of California in any xclusive sense, still I ask you to consider her, her industry, her eople.

Senator SIMMONS. If Turkish tobacco was now selling at a higher rice than any other cigarette tobacco produced in this country, it ould seem that when you add—I mean, in bond—35 per cent, that ught to prove protective.

Mr. PARKER. I am told that the figures show that the average pric of Turkish tobacco was 94 cents during the year 1920; that was ir bond. That, of course, makes a duty-paid value of $1.30, virtually. The average price, as figured by some division of the Department o Commerce, of the domestic cigarette tobacco—that includes North Carolina, Virginia, burley, and others—was 41 cents.

Senator SIMMONS. Nearly double.

Mr. PARKER. More than double—41 as compared with 130, o substantially three times as much.

Senator SIMMONS. I have understood that the industries of th country claim absolute protection where the foreign was underselling the American product. But here is a case where the foreign produc seems to be selling for twice the domestic product, and still you wan more than 35 per cent.

Senator MCLEAN. About what is the percentage of the cost o material in the high-grade cigarettes to the cost of the cigarette I refer to the high-class Turkish cigarette, which I understand the sell for more than any other.

Mr. PARKER. Yes; the high-class cigarettes are the type which sell at from 25 to 30—Egyptian Deities and Pall Malls, etc.

Senator MCLEAN. Two and a half to 3 cents apiece?

Mr. PARKER. Yes.

Senator MCLEAN. What is the cost of the material in that cigarette

Mr. PARKER. Senator, I can not give the information, although can send it to you, because precisely that question came up not lon ago, and we analyzed the elements, and leaf cost is substantially th largest element of our cost.

Senator MCLEAN. I understood you to say about $4 a thousand?

Mr. PARKER. No; you misunderstood me. I said that the presen internal-revenue tax is $3. The cigarette uses 3 pounds to th thousand; therefore the tariff tax now prevailing, 35 cents a pound adds $1, making $4 of tax—not the cost. When you add to it—i you did add to it—the proposed addition, it would make $2, making total of $6 tax.

Senator SIMMONS. How much does the tobacco cost?

Mr. PARKER. If you say that the average cost of Turkish tobacc is 94 cents, I would assume that the average cost of Pall Mall an Deities would be $2.

Senator MCLEAN. Two mills to the thousand?

Mr. PARKER. No; $2 a pound, or $6 a thousand.

Senator MCLEAN. That is a cent and two mills; and that covers the cost of material in the highest-priced cigarettes?

Mr. PARKER. Of course, in those cigarettes you have very hig cost of wrapping material; that means fancy boxes and the paper and you have uniformally high-class paper in those high-cla cigarettes.

Senator MCLEAN. They are made by machinery, are they not?

Mr. PARKER. To an extent; but some are made by hand.

Senator MCLEAN. I wish you would hand to the committee th percentage of costs to the selling price.

Mr. PARKER. Does that mean the highest class cigarettes?

Senator MCLEAN. Yes; made out of Turkish tobacco—entirel Turkish tobacco. I understand you put in only a very small per centage of Turkish tobacco into the blends?

Mr. PARKER. Oh, no. We put, I would say, Senator, as I state o you, in a rather complicated way—the blended cigarettes carry o he average 20 per cent Turkish.

Senator McLEAN. One-fifth?

Mr. PARKER. That is one-fifth; yes. That Turkish is frequently f a lower price than very high class Turkish, but it bears, of course, duty of 35 cents.

STATEMENT OF ALFRED ARAM, FRESNO, CALIF., REPRESENTING THE ASSOCIATED TOBACCO GROWERS OF CALIFORNIA.

Senator McCUMBER. Mr. Aram, will you kindly state your full name and address?

Mr. ARAM. Alfred Aram; Fresno, Calif. I am president of the Associated Tobacco Growers of California.

Mr. Chairman and gentlemen of the committee, I can not expect to be as eloquent as the gentleman who represented the manufacturers, because this is my first experience in speaking at a public hearing before a committee of Congress, but I shall endeavor to put the facts as we know them before you.

I represent the Turkish-type tobacco growers in the State of California. That organization, I may say, is composed of farmers who actually grow the tobacco. We have a membership of some 300 farmers. I may state to you also that 92 per cent of the membership of that organization is made up of men who are not less than three-generation Americans. There was a reference made here this morning about my being an oriental, or something of that kind. I was born Armenian through unavoidable circumstances, but I became an American citizen through choice. Also, the gentleman who made that remark knows that I was wearing the uniform of the United States Air Service as early as April, 1917, and the manufacturers whom he represents took full advantage of my absence from business in dealing with our farmers.

Senator WATSON. There was nothing said this morning by way of a slur or implication.

Mr. ARAM. I did not quite like it. It was taking unfair advantage.

Senator WATSON. I am sure that Mr. Parker said that only to show that you had some knowledge of that situation. Then, afterward, Senator Shortridge referred to the fact that you had been born in Armenia. That is nothing against you.

Mr. ARAM. The Fordney bill puts a tariff of $1 per pound on the Turkish type of tobacco. We ask no change in the tariff as it stands in the Fordney bill, although we asked for a higher rate from the House committee. The term "Turkish" does not imply tobacco coming from any particular country. The term "Turkish" is simply a popular name for one branch of the tobacco family. The scientific term for that particular branch is nicotinum rusticum. If we should say nicotinum rusticum, it would mean the Turkish type of tobacco, no matter where it is grown. There has been an effort to represent that there is a discrimination against one country or several countries. This type of tobacco is now grown in over 20 different countries.

First of all, we asked the Ways and Means Committee of the House for a separate classification of this type of tobacco. Heretofore it

has been classified as filler tobacco, just as a number of other different types are classed under the filler classification. The reason was that it is impossible to put a just tariff on one of these filler tobaccos without doing an injustice to the other tobaccos included in that term "filler tobacco."

I wish to call the attention of the committee to the difference of that Turkish tobacco and other types of tobacco carried under that term. It can be seen very easily from the physical characteristics of these various tobaccos that they can not all survive under the same classification. The 35-cent rate on filler tobacco was put on long before we knew anything about Turkish tobacco and long before we had any such tobacco grown here.

The yield of this tobacco [indicating] is from 800 to 1,500 pounds per acre, I understand. If we get 400 pounds of cured tobacco from the Turkish tobacco, we feel very happy about it. The method of curing and preparing for market this particular kind of tobacco is different from that used in connection with these tobaccos here [indicating], and involves much heavier expense.

Senator DILLINGHAM. Do these samples that you have here represent the actual size of the leaves?

Mr. ARAM. Yes, sir. This tobacco, as I understand it, is harvested in the South by cutting the entire stalk off the ground. This tobacco is primed off, leaf by leaf, as each ripens.

Senator SIMMONS. You are mistaken about that. There are sections in the South in which it is cured in the way you indicate. They cut the stalk off and cure the tobacco on the stalk. In North Carolina, where I live, we invariably pull the leaves off and cure the leaves.

Mr. ARAM. I am not acquainted, Senator, with the tobacco situation in the South. However, there is no comparison either between the yield per acre and the method of manipulation and expense between the two tobaccos. The period of harvesting the leaves off the stalk of the Turkish tobacco extends from one month to five weeks, and it must be done before sunrise. That is one of the reasons that a separate classification became necessary for that particular type of tobacco, in order to separate it from the filler tobaccos. Our tobacco has much smaller yield per acre and requires heavier expense and careful work in manipulation. I have gone into that very thoroughly in our brief, or memorandum as I have called it, which we will submit to the committee for the records.

Senator SIMMONS. What is the comparative thickness of that small Turkish tobacco and the Virginia type?

Mr. ARAM. This [indicating] is a little thicker. There is more body to it.

Senator MCLEAN. Does that represent the average?

Mr. ARAM. This represents the average high-grade tobacco of its type. There are larger leaves, but they are not considered a good grade of tobacco.

Senator MCLEAN. That is just the point. Are there larger leaves than those on every plant? In other words, have you selected these small leaves from a plant that had larger leaves on it?

Mr. ARAM. The bottom leaves are somewhat larger, but they are not as desirable. They bring a lower market price than these leaves here [indicating] do.

Senator SIMMONS. Now, when you are estimating the number of pounds that you raise per acre do you include only the small leaves that you say are of the higher type, or do you include both the small leaves and the larger leaves?

Mr. ARAM. The entire yield; that is, all that is harvested off the stalk.

Senator SIMMONS. What is the difference between the price of the higher grade small leaves and the price of the lower grade larger leaves?

Mr. ARAM. Well, that would be very difficult to say, because of the difference of types. The manufacturers could answer that better than I can.

Senator SIMMONS. You make it and sell it, do you not?

Mr. ARAM. Yes, sir.

Senator SIMMONS. Then you ought to know.

Mr. ARAM. I would say there is 100 per cent difference between the price of the bottom leaves, the middle, and the top leaves. That has been our experience.

Senator SIMMONS. Do you get from those small leaves more than the average price of Virginia-grown tobacco?

Mr. ARAM. Much higher.

Senator SIMMONS. What did you get for it?

Mr. ARAM. We have sold it as high as $1.25 per pound, when we did get anything for it.

Senator SIMMONS. What do you mean by saying when the manufacturers give you anything for it?

Mr. ARAM. I mean by that that since 1919 we have not been able to sell a pound of tobacco. We have had to give it to the manufacturer at the manufacturer's price, and not at the fair value of the product.

Senator SIMMONS. What price did you have to give it to him for?

Mr. ARAM. We have not sold anything since 1919. Prior to that we have sold our tobacco at from 25 cents a pound to $1.25 per pound.

Senator LA FOLLETTE. That is since last year?

Mr. ARAM. We have not sold anything since and including the 1919 crop. It is in the warehouses.

Senator SIMMONS. Why?

Mr. ARAM. There are two reasons: The first is that if they purchase these tobaccos from us and give it a fair value, that is, cost plus a fair profit, they will be higher; they will have to pay us a higher price than they would pay for the imported leaf of the same type and grade. In the second place, the manufacturers do not want to encourage this industry in California because they feel that the California crop can not be controlled as the imported crop is controlled. They tried it and we would not stand for it. There is a tendency out in California to do business on a cooperative basis and to stand up for a fair profit. I have evidence of that. I will come to that a little later on.

Senator SIMMONS. You say you did not sell the 1920 crop at all?

Mr. ARAM. No, sir; nor the 1919 crop.

Senator LA FOLLETTE. Was it a good crop?

Mr. ARAM. Yes; it was a fair crop.

Senator DILLINGHAM. What did you get for the 1918 crop?

Mr. ARAM. It was according to the varieties. The highest was $1.25.

Senator LA FOLLETTE. Have the manufacturers given any reason for refusing to buy the crops of 1920 and 1921?

Mr. ARAM. They have not stated any clear, definite reason, but, Senator La Follette, we have dealt with these people for 16 years now, and from our own experience we can read between the lines. We have had a thorough investigation made; we have had a very thorough experience with the manufacturers, and we know the reasons. They have made them known to us. They do not mince words with us and tell us where we get off, but they do not speak for publicity. And when they come down before Congress they speak very nice and assume the rôle of the much-abused business man. The reason seems to be that they do not wish to encourage the industry in the United States because it can not be controlled by the big five as the imported leaf is controlled. They are not going to encourage the industry if they can help it.

Senator SIMMONS. Tobacco sold at a high price in 1919, did it not?

Mr. ARAM. Yes. They offered——

Senator SIMMONS. The Virginia tobacco sold at good prices.

Mr. ARAM. At the same time the highest offer we could get was 40 cents a pound. That represented one-third of the cost of production. We could not sell it. Besides, they never make a firm offer. They always leave a loophole for themselves. When we deliver the tobacco they take some at the agreed price and reject the rest, giving us the alternative of accepting a much lower price. They do this because we can not say, "Well, we don't sell; we will sell it to the next fellow," because there is no next fellow.

Senator WATSON. Could they buy the Turkish tobacco during the war?

Mr. ARAM. Some.

Senator WATSON. When they could not get it except in small quantities, did they make any offers?

Mr. ARAM. They bought it all. In addition they went to China and Korea, operated their own plantations and raised Turkish tobacco there and kept themselves supplied until the armistice.

Senator WATSON. How much did you raise?

Mr. ARAM. I have the figures in my brief.

Senator WATSON. How much did they pay for it?

Mr. ARAM. We sold it for whatever they offered for it. That was, as I said, from 25 cents to $1.25 per pound.

Senator WATSON. That was at this particular time; that is, while we were in the war?

Mr. ARAM. Yes.

Senator DILLINGHAM. Can you state what proportion you sold for 25 cents and what proportion you sold for $1.25?

Mr. ARAM. I haven't the figures here, but I can prepare a statement and submit it to the committee, if it is desired.

There was a statement made this morning which would make it appear that the California people wanted a tariff on an industry that they hope to establish rather than on an industry already established and entitled to protection. I want to say that that industry is already established. Since the speaker representing the American Tobacco Co. referred to it, I would like to read from a pamphlet

hich deals with this particular point. It was issued by the American obacco Co. in 1909. The statements in the pamphlet refer to urkish-type tobacco exclusively:

The growing of tobacco is a common-sense proposition with no mystery of any rt attached. * * * The growing of tobacco in California is well on its way. ı fact it may now be regarded as an established industry.

That was in 1909, when we had a production of 37,000 pounds: it was an industry then, why isn't it an established industry in 1919, hen the production was 1,525,000 pounds?

This pamphlet was issued in 1909 by the Exeter Tobacco Ranch, perated by the American Tobacco Co. That is the experiment ation that they referred to this morning.

I have letters also from manufacturers stating that the reason that hey can not give us the price we think fair is that they do not want give us a higher price when they can get that same tobacco on the ther side at a lesser price. They do not say anything about quality.

I have a letter from Mr. James M. Dixon, chairman of the board of he Tobacco Products Corporation, who is now present. It is dated une 25, 1918, in which he says:

I can only repeat what I have told you so many times—the offer that I originally ade you I do not consider is in any way binding. The tobacco market for Greek obacco is at the present time on the decline, and I may be obliged to change my offer t any time without notice to you. The matter is certainly not of sufficient interest or me to come out to Fresno, when I know that the price which sellers are asking is nore than I will pay.

Senator McCUMBER. Is this California tobacco used as a substitute for the Turkish tobacco?

Mr. ARAM. Of course, Senator McCumber, they do not state what hey use it for, but I have letters from the manufacturers. One letter s written by a large manufacturer of the highest grade of Turkish cigarettes on the market, and the inference is that the manufacturer was making an inquiry for his own use rather than for that of some one else. However, they do not inform us what they use it for and what they do with it. The manufacturers are a very close-mouthed bunch. I suppose they have to be. But they have repeatedly told me that they don't care where the tobacco is grown, but if we intend to grow in this country we will have to give it to them for the same price as the imported.

Senator SIMMONS. Do you know what they paid for the Turkish tobacco in 1919?

Mr. ARAM. We tried to get that information from the Department of Commerce through the assistance of the State Department. I have reports submitted by the various consular representatives in the various countries where these tobaccos come from. The statement was made this morning that these tobaccos cost, on the other side, 80 to 90 cents. I will say that in my negotiations with the manufacturers they stated to me that they did not see why they should buy California tobacco when they could get it from the other side, laid in bond, for from 15 to 30 cents.

Senator SIMMONS. 15 to 30 cents?

Mr. ARAM. Yes, sir.

Senator McCUMBER. That is export?

Mr. ARAM. Imported from levantine countries.

Senator McCUMBER. Imported for the purpose of making cigarettes.

Mr. ARAM. Imported for the purpose of manufacturing in thi country and selling it in this country.

Senator MCCUMBER. At what price did you say?

Mr. ARAM. 15 to 30 cents.

Senator LA FOLLETTE. That is the price on the other side?

Mr. ARAM. In other words, a man who has tobacco in the warehou in New York City is willing to sell for that price.

Senator MCCUMBER. After paying the duty?

Mr. ARAM. Before paying the duty. I have here a letter from man who has 500,000 pounds of the Turkish imported tobacco, and is offering it, in this letter, for 35 cents a pound in New York City bond. It is dated August 9, 1921, from Mr. M. H. Mathewsian, N York City, as follows:

> MY DEAR MR. ARAM: Under separate cover I am mailing you just a few samp our tobacco. This tobacco came to New York on the steamship *Chesterville* and have 2,500 bales, approximately 500,000 pounds. We will sell it at 35 cents a po ex warehouse New York. Should you be interested in this tobacco I will be plea to give you inspection permit. Hoping to hear from you favorably, etc.

The question was raised this morning, Why is it that this indust has survived for 16 years and has increased in production and g along so well and now needs a tariff? I would like to give you th history of this industry in the State of California. This industry wa started back in 1906 by a few men who had come to this countr from Macedonia and Turkey, where they had been tobacco growe themselves. They took up the industry in San Juan Valley an made it a sort of side issue. Some of them had 1 or 2 acres of lan that were not used for anything else and they put those acres tobacco. That was done on the side. When the time came to se the tobacco they sold it for whatever the manufacturers offere No attempt was made to keep account of its cost. These me reasoned something like this, "Last year we had $5,000 for ou olives, this year we have $5,000 for our olives and have $300 or $40 for our tobacco besides." They considered the tobacco money a velvet. They never figured, however, on the cost of raising th tobacco, because that was done in between times. That conditio continued until about the year 1911. By 1911 it became generall known in California that this type of tobacco did best in certai soils which up to that time we did not know what to do with. I required light, loose soil; soil on the hillside. Now, it was at th time that good American farmers went into tobacco growing excl sively. Of course, they kept books. When the crop came and wa harvested, they discovered it did not bring within one-half the co of production. The industry then began to decline. Then the wa came along. Under war conditions we sold it as best we could Production went on. As soon as the war stopped the imports from the other side came in and the industry dropped down.

I must state that if the coming tariff bill does not carry a prote tive duty on this tobacco, we are through with it. We can not d anything with it. I have a letter here that shows the situation w face now:

FRESNO, CALIF., *March 3, 1921.*

'RED W. LINKS,
State Agricultural Society, Sacramento, Calif.

DEAR SIR: We have your favor of February 28, and note your desire to have an rticle dealing with growing tobacco in this section.

Tobacco growing in the San Joaquin Valley has been practically abandoned because f unfavorable prices and the inability to market the crop grown two or three years go.

Any report that would be made would therefore be rather adverse, and we hesitate o compile it, unless you believe it should be included in the statistical report.

Yours, very truly,

FRESNO COUNTY CHAMBER OF COMMERCE,
GUY E. LEONARD, *Director of Publicity.*

The tariff in the Fordney bill was computed on the basis of the ost of production here and the cost of production on the other side. t is less than what we asked for and we believe we should have, but e are willing to go to work on what the Fordney bill gives us. The ost of production over on the other side we secured, after careful xamination, and through the consular reports, and so on. We are eady to submit to the committee also detailed cost of production, oing into every item in connection with this tobacco. It is in our rief.

I should also answer the statement of the gentleman who spoke this morning, and who made it appear that the Ways and Means Committee levied a tariff on a product with no other showing than a written brief. That is not true, and the statement is not fair to the House committee. I could not be present during the public hearings before the Ways and Means Committee. I arrived a little too late. I put in our brief, which they referred to, and then the subcommittee on agriculture called me in and made me go over every statement and prove everything that was contended for. In fact, it was very thorough, and from my experience with the committee I wondered if every member of the committee came from the State of Missouri. We had to go very thoroughly into every statement and prove every statement that we made and give them all the facts in detail.

There is another question, and that is the question of quality. The gentleman who spoke here this morning said that this was not Turkish tobacco. Well, it is not Turkish tobacco; that is, it is not grown in Turkey. It is what is known as nicotinum rusticum. Turkish tobacco is not grown in Turkey alone; it is grown in Macedonia, Russia, Austria, Rumania, Greece, Palestine, Syria, Bulgaria, Italy, South Africa, United States, and in a number of other countries. In the Union of South Africa they began to cultivate this tobacco about 10 years ago. Now they have demonstration farms and an assistant to the director of agriculture in charge of tobacco exclusively. I will pass to the committee an advertisement in a London paper by the commissioner of the Union of South Africa urging Britishers to migrate to the Cape Colony and engage in farming Turkish tobacco. In Italy also they have been producing this tobacco for several years, and the Italian Director of Agriculture recently announced that the cultivation of Macedonian-type tobaccos would be further extended, and that it was the intention of the Italian Government to be independent of imports from the levantine countries. The question of quality in connection with our tobaccos was never raised until after we organized our cooperative association and prepared to ask Congress for adequate protection. It was then that the manufacturers began

to carry on a systematic propaganda against the quality of thi tobacco. Here is a news item printed in the issue of August 29, 1918 of Tobacco, a trade journal published for the tobacco industry:

SUCCESS IN CALIFORNIA.

E. Constantine, a tobacco broker of San Francisco, visited the Chiflakos Bros plantation near Esparto, Yolo County, Calif., recently for the purpose of investigatin the varieties and quality of the tobacco grown by Chiflakos Bros. After making thorough examination Constantine declared the product to be of the very highe quality, and closed a contract for the purchase of the crop.

Constantine was enthusiastic over the possibilities of tobacco raising in the Yol section, and is endeavoring to sign a contract with the Chiflakos Bros. for the entir crop of 1,000 acres for next year. It is not known if the deal was closed. but it is prac tically assured that the Esparto growers will have in the neighborhood of 1,000 acre in tobacco in 1919.

Senator REED. How much ground did you say is used in Californi in raising this Turkish tobacco?

Mr. ARAM. Three thousand acres in 1919.

Senator REED. What is the total acreage of California?

Mr. ARAM. I do not know, sir. I do not think I can answer that

Senator McCUMBER. Do you mean tillable land?

Senator REED. Yes, tillable land.

Mr. ARAM. I do not know. But in California we can raise th entire world consumption of this tobacco without using one acre o land that is fit for other crops.

Senator REED. How many acres in the United States are employe in the tobacco business generally?

Mr. ARAM. I do not know that, sir.

Mr. DUSHKIND. One million.

Senator REED. How many people own these 3,000 acres of ground

Mr. ARAM. We have a membership now of 300 farmers.

Senator REED. Three hundred farmers?

Mr. ARAM. Yes, sir.

Senator REED. Then there are 300 farmers who, you say, ar members?

Mr. ARAM. Yes.

Senator REED. You mean 300 farmers who are engaged in th business of raising Turkish tobacco?

Mr. ARAM. No, sir; there are more than that. My association i comprised of 300 farmers. The reason that the other fellows are ou is this: When American Tobacco Co. came out there they lease ground in the San Juan Valley. Naturally the thing centered aroun San Joaquin Valley——

Senator REED. That is probably very interesting, but I want t follow the line of questioning upon which I started.

Mr. ARAM. That is just what I was coming to.

Senator REED. How many people are there outside of your associa tion?

Mr. ARAM. I have not the exact figures.

Senator REED. Well, approximately.

Mr. ARAM. Well, I should say about 100.

Senator REED. So thatt here are about 400 men engaged in raisin the Turkish tobacco in California?

Mr. ARAM. Yes; that is, 400 men who own the land and cultivat it. There are more than that engaged in the industry.

enator REED. I am talking about the landowners.
Ir. ARAM. Yes.
enator REED. When you speak of others being engaged in the ustry, do you mean mere employees who are engaged in picking acco and storing it?
Ir. ARAM. Such men as are employed in the industry.
enator REED. How many men, all told, would you say are en- ed in cultivating the 3,000 acres of ground to which you referred? ean men employed in picking the tobacco, storing it in warehouses, l carrying it to market.
Mr. ARAM. I do not think I could give you a very accurate answer that question.
Senator REED. Approximately.
Mr. ARAM. I do not know.
Senator REED. It does not average 10 acres apiece, does it? I sup- se one man could come pretty near taking care of an acre.
Mr. ARAM. He can not. In the busy season it would take about men to an acre part of the time. At other times one man could ndle it.
Senator REED. Would you say 6,000 people, taking the average ring the entire year?
Mr. ARAM. It would take more than that. It would be nearer 00. Nine thousand would be a fair number employed; that is, m time to time.
Senator REED. About 9,000?
Mr. ARAM. Yes.
Senator REED. During the entire year?
Mr. ARAM. Yes, sir; employed from time to time.
Senator SIMMONS. Working 3,000 acres?
Mr. ARAM. Of course that is not the entire time.
Senator REED. I am asking you for the entire year.
Mr. ARAM. That would be the average.
Senator REED. How much employment would be furnished con- antly during the year on that average?
Mr. ARAM. That would be the average number employed.
Senator REED. That would be the average. All right; we will say 000.
Mr. ARAM. Yes.
Senator REED. How much Turkish tobacco do you raise—that is, hat you call Turkish tobacco?
Mr. ARAM. I, personally?
Senator REED. Oh, no. I mean all of these people.
Mr. ARAM. In 1919 we raised over one million and a half pounds.
Senator REED. One million five hundred thousand pounds?
Mr. ARAM. Yes, sir.
Senator SMOOT. What did you raise this last year?
Mr. ARAM. I think about twenty or thirty thousand pounds.
Senator SMOOT. How much?
Mr. ARAM. About twenty or thirty thousand pounds, because we e not sold anything, including the 1919 crop.
Senator SMOOT. What was the 1920 crop?
Mr. ARAM. Seven hundred thousand.
Senator REED. Seven hundred thousand pounds for 1920?
Mr. ARAM. Yes, sir.

Senator REED. That was last year?

Mr. ARAM. Yes.

Senator REED. What is this tobacco worth per pound?

Mr. ARAM. It is not worth anything now. The manufacturers it is not, and only four or five buyers can buy. They say they do want it. It is not worth anything.

Senator REED. I do not want to take advantage of you, and must not take advantage of me. You say that it is not worth a thing. You mean by that there is no market. What is the mar for it? It surely sells for something.

Mr. ARAM. I suppose it would sell for something if any ma facturer came and made an offer for it, but we have no offers for i

Senator REED. It must not be of much account then.

Mr. ARAM. It is not of much account to us unless it is sold.

Senator REED. Why isn't it of any account?

Mr. ARAM. Because the manufacturer does not buy it.

Senator REED. Why does he not wish to buy it?

Mr. ARAM. Because he does not wish to see the industry contin in the United States, but principally because the American prod costs more than the foreign product.

Senator REED. The American manufacturer does not want to good Turkish tobacco raised in this country, and so he will not bu at all.

Mr. ARAM. That is exactly the case.

Senator REED. How are you going to make him buy it?

Mr. ARAM. We are not going to make him buy it.

Senator REED. Then how are you going to handle it?

Mr. ARAM. All we want is a fighting chance so that the cost of p duction on the other side and on this side will be equalized.

Senator REED. What is the difference in the cost of productio these 700,000 pounds? I have asked you the price. I believe said you could not tell the price.

Mr. ARAM. That tobacco costs, on the average, $1.25 per poun some was more and some was less.

Senator REED. The average was $1.25?

Mr. ARAM. Yes. Our brief gives the exact figures.

Senator REED. What does the Turkish tobacco shipped in he for?

Mr. ARAM. There is no open market in the United States fo tobacco. The manufacturers maintain their own warehouses there and do their own buying and importing through a subsi company. Our consular reports show that the highest cost t foreign farmer is 50 cents.

Senator REED. Fifty cents.

Mr. ARAM. That is the highest, not the average.

Senator REED. What is the average?

Mr. ARAM. I do not know. They have not given that to us.

Senator REED. Can you in any way approximate it?

Mr. ARAM. I have no way of doing that, Senator. I have for my information on the Department of Commerce.

Senator REED. You say 50 cents. Then it costs two and times as much to raise this tobacco here as it does to raise it and ship it to the United States, pay the tariff, and market it; the situation, is it?

Mr. ARAM. Fifty cents is the cost to the farmer over there before comes here.

Senator REED. How much Turkish tobacco is consumed in the nited States?

Mr. ARAM. Our importation amounts to—it varies from 25,000,000 35,000,000 pounds.

Senator REED. Twenty-five million.

Mr. ARAM. Yes.

Senator REED. To 35,000,000?

Mr. ARAM. Yes.

Senator REED. Then 30,000,000 would be a fair average.

Mr. ARAM. I presume so.

Senator REED. We will take 30,000,000 for easy figuring. It mes in at 50 cents. You say it costs $1.25 to raise this tobacco. u would want some profit on that, naturally. What would you y would be a fair selling price?

Mr. ARAM. I suppose we would be satisfied with 10, 15, or 20 per nt. It all depends on market conditions and crop conditions.

Senator REED. You would want to get at least $1.50 a pound, uld you not?

Mr. ARAM. We would have to get a fair profit.

Senator REED. Very well; we will take $1.50. Now, you want us to ise the price on the foreign tobacco from 50 cents on the 30,000,000 unds, so that instead of selling at 50 cents, the highest price at hich it would sell, it would be $1.50, on the average. That is the ice at which it would have to sell.

Mr. ARAM. That is not quite right, Senator; 50 cents is not.

Senator REED. So that if you import 30,000,000 pounds of this bacco, that would mean $30,000,000 that would have to be paid by e American consumer in order that you gentlemen might realize 5 cents a pound profit on 700,000 pounds, or $175,000. You want s to tax the American people $30,000,000 as a minimum in order at you may realize $175,000.

Mr. ARAM. That is not a fair statement, for this reason.

Senator REED. I think it is absolutely fair.

Mr. ARAM. I stated that the cost of production on the other side as a maximum of 50 cents a pound. There is no tobacco brought nto this country and sold at such a figure, even before putting the riff on it, which is now 35 cents a pound.

Senator REED. It is less than 50?

Mr. ARAM. Sometimes it is less than 50, at the point of production, ut only two or three manufacturers can get it at that price.

Senator REED. You said that was the highest.

Mr. ARAM. That is the highest cost of production over there.

Senator REED. I asked you for the cost of production abroad plus hipping and plus tariff, and you said it was the highest price.

Mr. ARAM. I have no information on shipping. I have information nly from the Department of Commerce as to the actual cost of production. That is the highest figure. Some is less than that when the obacco comes to this country and before the duty of 35 cents is paid, ut when it goes to the independent manufacturer he can not get it at uch a price.

Senator REED. You certainly misunderstood my question, or I ailed to ask it clearly.

Mr. ARAM. I am trying to understand it.

Senator REED. The price of this tobacco after it has been shippe to this country and after it has been marketed is 50 cents, as I unde stood you to say. The market price, I understood you to say, w 50 cents.

Mr. ARAM. That is not my statement. I said the cost of produ tion on the other side was 50 cents for the highest figure. That is t actual cost of production to the farmer on the other side. I have n way of knowing what the transportation rates and the insuran charges, etc., are, because we are not engaged in the marketing or im porting of foreign tobacco.

Senator REED. Then you did not understand my question.

Senator SMOOT. Did I understand you to say that many of t independents could not buy the Turkish tobacco?

Mr. ARAM. Not on the same terms as two or three manufacturers d

Senator SMOOT. What difference does it make? Do you mean th there is a difference in the price or in the terms?

Mr. ARAM. A difference in the price. It costs much more for t independent manufacturer to buy the Turkish tobacco than it do two or three of the large manufacturers.

Senator SMOOT. Is your Turkish tobacco just as good as t Turkish tobacco that they import?

Mr. ARAM. It is, sir.

Senator SMOOT. Why don't they come to you to buy it, then?

Mr. ARAM. They could not buy more than a bale a month.

Senator SMOOT. Your independent manufacturers amount nothing in the trade, then, do they?

Mr. ARAM. There are none.

Senator REED. Then why do you talk about independent manufa turers and large manufacturers?

Mr. ARAM. That is one reason why they are not there. The supp is controlled and when they want it they have to pay heavy for When I spoke of independent manufacturers I meant that we ha a great many men who make cigarettes by hand for private trade an for clubs, etc. They pay the highest prices. But their capacity very small. We can not deliver one bale of tobacco to a manufa turer and support our industry.

Senator SMOOT. No more than they get from Turkey?

Mr. ARAM. They don't get from Turkey. They get it in New Yo from the importing subsidiary companies of the big five.

Senator REED. No more than they get from one of their factorie

Mr. ARAM. I don't know about that.

Senator MCLEAN. What is the tariff under the old law?

Mr. ARAM. It has been 35 cents, classed as filler tobacco.

Senator SMOOT. That is unstemmed?

Mr. ARAM. Unstemmed.

Senator MCLEAN. That represents the duty up to the enactme of the emergency tariff?

Mr. ARAM. We are not in the emergency tariff. It is in the pe manent tariff. We wish we were in the emergency. Our farmers a broke, including myself. We had to sell our house last summ because all we have is in tobacco and I had to come here to get th tariff. If the permanent tariff doesn't pass before long, there will

good many farmers of my section, not only the tobacco growers, it others who will have to sell their houses or whatever they can to re on. We have been at our wits' end to know how to raise money pay the warehouse charges that have been coming due from onth to month on the association tobacco. I went to the War inance Corporation and arranged for a loan. They were very nice me and wanted to help. According to the war finance law we id to get a valuation on our tobacco in New York warehouses and a ew York banker undertook to get that valuation. This was only ro months ago. I was sitting in that banker's office when he called the big manufacturers right in my presence and asked them as the market value of our tobacco. He was informed that it was not orth more than 15 cents and yet the manufacturer who made that atement was at that very time in negotiations with me trying to t our tobacco for 40 cents, but they would not make the offer in riting. They knew we were hard pressed by a small bank in alifornia and they also knew that it was only a matter of time that ley could buy that tobacco at their own price. We could not get le valuation because there are only four or five companies in the nited States who can buy tobacco in any quantities. That is where le farmers stand. I have a letter here from a bank in California lat has loaned some money to the members of our association, and le loan has been due for two years. This bank is a good friend of the sociation, but they have gone as far as they can because all their oney is tied up in agricultural products that is not selling. Here is a tter and I will let it tell its own story:

BANK OF ESPARTO,
Esparto, Calif., July 7, 1921.

Ir. ALFRED ARAM,
Care of Congressman Curry, Washington, D. C.

DEAR SIR: I hate to write hard-luck stories, but I am going to beg of you to leave othing undone to give us the relief that we are praying for, and that we so sorely eed. It is a wonder that we keep open. If we could get the tobacco money, we ould again find that life was worth living.

It is impossible to predict what will come to us if we have to wait much longer for he relief that the sale of the tobacco will bring.

Very truly, yours,

M. O. WYATT, *President.*

As to how farmers are situated now I am going to insert another etter that brings the situation right up to date. That also tells the tory without any further comment.

O'GORMAN, BATTLE & VANDIVER,
New York City, December 2, 1921.

LFRED ARAM, Esq.,
Hotel Ashton, New York City.

DEAR MR. ARAM: I have received word from Mr. Quinn to-day that he has received letter from the Fresno Bank in answer to his letter in which they refuse to be guided n his suggestions and recommendations in the matter but direct him to enter judgment, issue execution to the sheriff, and have the tobacco levied upon and sold in he regular way. Under these circumstances of course Mr. Quinn is powerless to do nything but to follow out the directions which he has received.

I do not see anything that we can do under the circumstances, but I think you had etter come to see me as soon as possible, and we will talk the matter over.

Very truly, yours,

ADDISON A. VAN TINE.

The money we owe to this bank is $15,000, and the tobacco that they have ordered attached has cost our farmers over $200,000 to grow, and we can't raise the $15,000 to release our tobacco. I have gone into every bank that didn't have a lock on their door, but I found out that to borrow money from the banks now on agricultural products is impossible.

Senator McLEAN. The filler tariff is 35 cents?

Mr. ARAM. That is the wrapper tobacco. We have nothing to do with cigar tobacco. This is strictly cigarette tobacco.

Senator McLEAN. But you have been doing business under the rate of 35 cents a pound for the imported tobacco up to the present time, have you not?

Mr. ARAM. We are under that now.

Senator McLEAN. Yes.

Mr. ARAM. Yes.

Senator McLEAN. Before I go further I will ask you this: Has the price of the foreign product varied very much in the last year?

Mr. ARAM. Do you mean the leaf tobacco?

Senator McLEAN. I mean the tobacco used for cigarettes. What has been the effect of the war on that tobacco?

Mr. ARAM. During the war the price was higher, but the manufacturers could not get much because of the absence of ships on the high seas. They grew the tobacco in China and it cost them very little.

Senator McLEAN. And since the war how has it been?

Mr. ARAM. It has been very low.

Senator McLEAN. And in the meantime the price of cigarettes has doubled?

Mr. ARAM. I suppose so.

Senator McLEAN. So the matter of the tariff has not affected the consumer very much in this country?

Mr. ARAM. No. It never has on any kind of smokes. If there is any saving the manufacturer keeps it. If there is any increase he passes it and more on to the consumer.

Senator McLEAN. The dealers have gotten their production at a less price and they have doubled the price of the cigarettes.

Senator REED. Does the chart which you have there show that cigarette prices have been doubled?

Mr. ARAM. I do not think they have been doubled.

Senator REED. They have been increased?

Mr. ARAM. The price has been increased considerably.

Senator SMOOT. Have they been increased in price since the increase in the revenue?

Mr. ARAM. My understanding is that they have been increased. Yes; I believe the price is nearly double on some cigarettes.

Senator SMOOT. Since the increase of the revenue tax?

Senator McLEAN. I do not want to make any misstatement. Perhaps I exaggerated when I said the price had doubled. I do not know anything about that, but I assume that the price has increased with the increase in the price of other things.

Senator SIMMONS. I do not think it has kept abreast with the increase in the price of cigars.

Mr. PARKER. Some brands of cigarettes have increased in price. They increased in price when the tax came along. There was an

crease in price for the packages of 20, but there has not been an crease since 1920, and the present tendency is downward. They ave recently reduced the price.

Senator McLEAN. You stated this morning, I think, that the price the cigarette filled with Turkish tobacco was 2 or 3 cents apiece, I understood you.

Mr. PARKER. That is the Pall Mall and the high-grade Egyptian eities.

Senator McLEAN. Yes.

Mr. PARKER. The price of the Pall Mall has not been increased 10 years. It was 25 cents to the consumer for a package of 10. some stores they sell for 30 cents for a package of 10 but, generally eaking, they sell for 25 cents.

Senator REED. How much increase was made in the tax?

Mr. PARKER. From $1.25 to $3.

Senator McLEAN. That is 3 mills to the cigarette.

Mr. PARKER. But there was no increase made in that price.

Senator McLEAN. The price of the cigarette is, at the present time, om 2.5 to 3 cents apiece?

Mr. PARKER. Yes; and always has been.

Senator REED. Let us take the Camel, the real cigarette. What es that cost?

Mr. PARKER. Twenty for 10 cents. The tax was increased from 1.25 to $3. The Virginia and the burley tobaccos all went up. t one time they reached a point of 20 cents to the consumer.

The manufacturers of Camels have comparatively recently made ductions.

With the lowering of the cost of tobacco, the American Tobacco o. got out 20 for 15 cents. The Lorillard Tobacco Co. has gotten ut a brand that goes to the consumer for 20 for 15 cents. The adance reached its peak in 1918 and during 1921 it has been on the ecline.

Senator REED. What have you to say about these people in Caliornia who say that the large dealers will not buy that California obacco?

Mr. PARKER. There is no justification for it. It may be true that rge manufacturers having an organization in Turkey can save omething on their tobacco. But these organizations are separate ompeting organizations. The American Tobacco Co. buys some rough its own organization and picks up some through importers, ut there is no suggestion of any condition that I know of where ny manufacturer has any motive or purpose except to get the raw aterial that will suit his brand as well as he can get it.

Mr. ARAM. It was stated this morning that the manufacturers ried to raise this tobacco in different States and they became conin ed that the tobacco could not be grown in California. The ct that they went to Colorado to raise it as the manufacturers' epresentative stated this morning indictates that they know nothing bout growing tobacco. High humidity, even temperature, and fog t night are prime essentials for the growing of this tobacco, and Colorado boasts these characteristics of climate it has escaped ur attention. The manufacturers went out there and encouraged he industry as long as it was grown as a side issue and the farmers, s I said awhile ago were willing to sell it for whatever they were offered

for it. The policy of the manufacturers changed and they then opposed the progress of this industry in California, as Mr. Parker stated—and he was correct—in about 1910. Now that change was brought about in this way: In about 1909 or 1910 the United States Government began to take a lively interest in the doings of the manufacturers, and it was decided that with the establishment of this industry in California it would not be quite to their liking that there should be a source of the raw product which would be open to anyone and where anyone could get it on equal terms. It would never do to give the small manufacturer a chance. As to quality, I don't believe there has ever been any industry in the United States, be it agricultural or industrial, producing a competing article with a foreign article but what the interests making money on imports have come down here to Congress and raised a question of quality. A few years ago they said it was impossible to grow long staple cotton in Arizona. Well, they are not only growing long staple cotton in Arizona, but they are growing a better cotton than the imported, and it may interest this committee that the last United States Census report shows that the State of Arizona is showing a greater percentage of increase in population than any other State in the Union. If you go down the Salt River Valley of Arizona and see the transformation they have worked out of the dry desert you will easily understand how this increase of population came about. If it had been left to the gentlemen interested in cheap imported cotton, Salt River Valley would still be a desert. In 1904 the United States Department of Agriculture published a report based on the Paris Exposition of tobacco.

Mr. Marcus Floyd, who is now engaged in the production of wrapper tobacco, represented the United States Department of Agriculture at that exposition. In that report the department urged that the United States should ultimately become independent of all foreign tobaccos and that there was no reason whatsoever why we should not go to work and produce all the different kinds of tobacco that are grown anywhere in the world. Did the Department of Agriculture or the Congress of the United States suppose for a moment that we could grow these various kinds of tobaccos without a protective tariff? We have gone to work and produced this so-called "Turkish" tobacco. We have an industry that must be protected. The manufacturers come along and oppose the tariff that is already written in the bill. What have the manufacturers ever done to promote any branch of the tobacco industry? What have they done for the tobacco industry in the South? What have they done for the consumers, except to exploit them and charge them all they can, giving as little as they can? Gentlemen, there is nothing to this talk about quality. If there is any such question in the minds of the members of this committee, the California farmers will submit their tobacco to any fair test that the committee may suggest.

It was said awhile ago that on these 700,000 pounds of tobacco we want to raise a tax of $30,000,000 or so on the American public, although the Senator raising the question misunderstood my statement on the cost of production in the Levant and followed an erroneous method of computing. I wish to state this, that we are not trying to raise the taxes on the public. We want adequate tariff protection and we can raise all the tobacco that the United States can

consume of that type. As to raising the taxes on the smoker, there is about 10 per cent of Turkish tobacco in the average blended cigarette. We know that. If there is more than 10 per cent, there is no import figure shown for the amount needed.

If we distribute this $1 per pound on the amount of tobacco used in the average blended cigarette, the increase, if it is to pass on to the consumer, would amount to thirty-two one-hundredths of a cent per package of 20 blended cigarettes. But, giving a protective tariff to this tobacco is not going to mean an increase to the consumer unless the manufacturer wishes it so. Tariff and taxes have no effect on the consumer provided there is competition in manufacturing and distribution. What the tobacco growers and the consumers of this country need is real competition among the manufacturers. There are three individuals in this country who are interested in the manufacture and distribution of tobacco products. They are known as the "tobacco triplets." If some day they should go on a vacation without leaving their forwarding address, the manufacturers and the distributing agencies of tobacco products in the United States would not know where to report to their chiefs.

We have made several investigations with the collaboration of several of our consuls in foreign countries.

In England the consumer buys a cigarette made entirely of Virginia tobacco which is shipped out of this country. The British manufacturer pays freight, insurance, and so on, and pays a very high duty, which is much higher than that in the United States, and yet the cigarette sells for practically the same price that the American consumer pays for it in this country. Competition in England keeps the price down in spite of very high taxes.

There has been considerable talk about taxes being high on the tobacco industry in the United States. On investigation we found that the American smoker is taxed less on his tobacco and gets less for his money than the people in any other civilized country where tobacco is not a Government monopoly, and as to the farmers who produce the tobacco, they are dependent on what the manufacturer may wish to pay them.

Here is a statement that appeared in the Wall Street Journal:

MANUFACTURERS ACCUMULATE CASH.

As a result of lower leaf prices, cigarette manufacturers are accumulating large quantities of cash. It is officially estimated that one of the big manufacturers purchased its supply of tobacco at something like $20,000,000 less than it cost in 1919. This figure exceeds the manufacturing profit of any cigarette concern last year and is nearly 45 per cent of the profits of the five most important manufacturers.

These $20,000,000 represent money that belonged to the farmers, money that the manufacturer should have paid and did not pay to the farmer. Did any of it pass on to the consumer?

If this increase in tariff is going to mean an increase to the consumer, how is it to be explained that in England, where the taxes are nearly 100 per cent higher than in the United States, the consumer pays practically the same price or less? With respect to some of the American brands which are manufactured and sold in this country and also manufactured and sold in England after paying the 100 per cent higher tariff, the Englishman pays 1 cent less per package of cigarettes than the man in this country.

Senator La Follette. On an American cigarette?

Mr. Aram. Cigarettes manufactured in England by the American tobacco companies, and same identical brand sold here and in England.

I have telegrams in my pocket from our consuls. I also got information on the various brands in question from the manufacturers themselves. For instance, on one brand of cigarettes, I went to the export manager of that particular cigarette and asked him what it sold for in England.

Senator Watson. What is the name?

Mr. Aram. Melachrino, but it holds true for Pall Mall and Philip Morris cigarettes, also, in spite of the fact that the manufacturer pays twice as much in taxes in England, the Englishman pays 1 cent less for his package of 10 of these cigarettes than we pay here.

Senator Reed. What is the ordinary Government revenue on cigarettes?

Mr. Aram. What kind of cigarettes?

Senator Reed. Take those cigarettes made in this country.

Mr. Aram. You mean on tobacco grown in this country?

Senator Reed. Yes.

Mr. Aram. $3 per thousand internal revenue.

Senator Reed. Then there is a stamp?

Mr. Aram. In addition to the $3 revenue there is an import duty if the cigarette is made of imported leaf, but on cigarettes made of American-grown tobacco $3 covers everything. The total Government tax in the United States on cigarettes made of all imported Turkish tobacco is $4.31 per thousand. In England the same cigarette pays a tax of over $7.35 per thousand.

Senator Reed. The import tax.

Mr. Aram. In England there is no tobacco produced and there is no internal revenue. All the tax is taken at the customs house.

Senator Reed. And they sell for less there?

Mr. Aram. For 1 cent less than in America. That is the manufacturer's statement to me.

Senator Reed. That is retail?

Mr. Aram. Yes, sir.

Senator Reed. Perhaps the merchant sells at a less profit?

Mr. Aram. I do not know what his profit is, but in the United States the manufacturers control the arteries of distribution also through large chain-store systems, and the manufacturers themselves tell me that the cost of distribution in the United States is less than in other countries. They have things just where they want in this country. As to comparative prices here and in England I have charts here which I will pass for the record. It shows a comparison of taxes on tobacco in the United States, Canada, and England.

It shows that cigarettes made of good Virginia tobacco retail in England at $10 per thousand after paying British taxes of $4.90 per thousand, while the same cigarette retails in this country for $10 per thousand, paying to the United States Government total taxes of $3 per thousand, in spite of the fact that the tobacco is grown at the very doorsteps of the American factories while the English manufacturers must pay ocean transportation, insurance, etc. It is also interesting that some of the cigarettes sold in England are manufactured by subsidiaries of American companies. There was some-

thing said this morning about this tariff on Turkish tobacco injuring the tobacco farmers of the South. It was attempted to show that the consumption of southern tobaccos depended on the use of Turkish tobacco to be blended in. It would be interesting to have the manufacturers show the exact percentage of the Turkish tobacco contained in some of the largest selling blended cigarettes. I have been a tobacco man all my life and I know that there is no cigarette more delightful and tasty than good ripe Virginia and burley cigarettes. The manufacturers put that kind of cigarette on the market in England and other countries, but in the United States they mix it with "57 varieties" of artificial flavoring. They have good reason for doing that—that is, good reasons that suit their purpose. That, also, will have to be looked into one of these days, but as to the interests of the southern tobacco growers it is nothing short of preposterous that the American manufacturers of cigarettes should undertake to speak for the tobacco farmer. What the tobacco growers—growers of any kind of tobacco—in this country need is real competition in manufacturing. The speaker for the manufacturers stated this morning that the marketing of so-called blended cigarettes started in about 1912. He was right. What brought that about? Did the American smoking public get up all of a sudden out of a clear sky and demand blended cigarettes? Both the smokers and the manufacturers seemed to be getting along very well with straight southern-tobacco cigarettes.

In examining any condition or question in connection with the tobacco industry in the United States anything that happened within the years of 1910 and 1912 bears looking into very closely. That was the time when the United States Government took a lively interest in the activities of these manufacturers, which culminated in a dissolution order of the United States Supreme Court in 1911. The manufacturers artificially forced the demand for the so-called blended cigarettes because they felt that if the Government of the United States continues its interest in the tobacco situation, the United States being the largest tobacco-producing country, manufacturing would soon become an open game. Then they started to concentrate and create a demand for the so-called blended cigarette. And since they control the importation of these Turkish tobaccos they felt that would give them some measure of protection against manufacturing competition. The manufacturer's opposition to this tariff on Turkish tobacco is explained by these facts.

Senator Reed. May I interrupt you now and ask you another question?

Mr. Aram. Yes.

Senator Reed. You said there were 9,000 people employed, on the average, in this industry?

Mr. Aram. Yes; in 1919.

Senator Reed. And they raised 700,000 pounds of tobacco last year?

Mr. Aram. Yes, sir; but the 700,000 production did not require 9,000 people. That was for 1919, when the production was over 1,500,000 pounds.

Senator Reed. Which you say cost you $1.25. That would be $874,000. How would you pay 9,000 men with $874,000?

Mr. Aram. How would I pay them?

Senator REED. Yes. How would you pay 9,000 men working at, say, $1 per day. That would not pay their wages at $1 per day.

Mr. ARAM. I do not know what these men received, but we did not have 9,000 men engaged in 1920. Our association is conducted in this way: Our farmers raise tobacco under the direction of the association as to the method of production. The tobacco is taken to the association's warehouses, and a man goes to New York to try to sell it as best he can, and they are paid pro rata on what they get. In the last three years they have not received anything.

Senator REED. I do not think they have that many men because it would not pay them.

Mr. ARAM. The cultivation of tobacco requires a great many men. But the 1920 production of 700,000 pounds did not require 9,000 people. That was for 1919, when we produced over 1,500,000 pounds, and most of these employees are part time only.

Senator REED. May I ask you another question?

Mr. ARAM. Yes.

Senator REED. You spoke of 3,000 acres of land. Where does that land lie?

Mr. ARAM. Do you mean the exact location?

Senator REED. Generally speaking. Is it scattered all over the State of California?

Mr. ARAM. Yes, sir.

Senator REED. Is it rich land?

Mr. ARAM. It is not. It is not grown on rich land.

Senator REED. It is poor land?

Mr. ARAM. Yes, sir.

Senator REED. Do you raise anything besides tobacco?

Mr. ARAM. We have not so far. The best land is the land which heretofore has been used for grazing; that is, rocky, sloping, loose soil. That is the reason the State of California has gone behind this thing and wants a tariff. It is because there is plenty of this land which can not be put to productive use except for this kind of tobacco. I have requests here from the chambers of commerce of 21 counties, farmers' organizations, and from other public organizations and several editorials from newspapers stating that California needs this industry because it puts to productive use the type of land that we can not make use of for anything else.

Senator REED. What is it worth?

Mr. ARAM. From $100 to $250 an acre—some is worth more and some less.

Senator REED. The land, then, is not good to do anything else with?

Mr. ARAM. It is not good for anything else except grazing.

Senator REED. That is a high figure, is it not?

Mr. ARAM. That is what we are paying.

Senator SMOOT. You are paying that for land in California?

Mr. ARAM. Yes. This tobacco being grown on hillsides there are numerous ravines, gulleys, steep banks of the ravines, and other waste area that can not be cultivated, and the cost of the entire land must be charged against a productive area only.

Senator WATSON. You are asking for a tariff of $1 per pound on the Turkish tobacco?

Mr. ARAM. Yes, sir. I am asking that there be no change in the Fordney rate.

Senator WATSON. On the theory that you can raise and are raising Turkish tobacco which you want to be protected from imported Turkish tobacco?

Mr. ARAM. Yes, sir. We have an established industry that has every claim to protection—in fact, it can not survive without it.

Senator WATSON. You want the Turkish-tobacco industry protected? These gentlemen say that you are not raising it, and you say you are. They say that they can not use it.

Mr. ARAM. Yes; that is what they say.

Senator WATSON. How do you propose to prove your position? You say they can use it and they say they can not. How do you propose to show that it can be used?

Mr. ARAM. They did use it as long as they could get it at their own figure. Here is a pamphlet published by the American Tobacco Co. in 1909. It goes into detail and tells the farmers how they should raise the Turkish-type tobacco. They have a statement here to the effect that the thing is an absolute success and that it is an established industry.

Senator REED. What year was that?

Mr. ARAM. 1909.

Senator MCCUMBER. Do they say it is a Turkish tobacco?

Mr. ARAM. The entire pamphlet is on Turkish tobacco. I have a letter here from Gaston & Co., importers and brokers of Turkish tobacco. They are also small manufacturers. It is dated New York, August 20, 1917, and is signed James G. Gaston, and is as follows:

DEAR SIR: Your letter of August 2 received, also the samples. I am very well pleased with the quality and I will buy all the tobacco, more or less than 60,000 pounds, so please write me a letter, and tell me what price do you consider right for this year's crop and when the tobacco will be ready for shipment to New York.

I hope you will grant me a reasonable price so we will be able to do business this year.

Hoping to receive a favorable reply, I am, etc.

I have another letter here which speaks of the visit of Mr. Kahaya, president of the Standard Commercial Tobacco Co., New York. This company makes all Turkish-tobacco purchases for the Camel cigarettes.

TURLOCK, CALIF., *April 23, 1921.*

Mr. ALFRED ARAM, *Fresno, Calif.*

DEAR SIR: In reply to your request concerning certain interview with Mr. Kahaya, president of the Standard Commercial Tobacco Co. of New York, I beg to state that, to the best of my recollection, it was some time in the month of December, 1917, or in the month of January, 1918, that Mr. Kahaya examined our tobaccos in Santa Clara County and in the presence of a number of gentlemen declared that our California-grown Turkish tobacco was a distinct success, in color, size, aroma, and oily quality and body of the leaf. I remember that he expressed great enthusiasm, and further added on his return from the Orient he would be ready to invest millions in our California-grown Turkish tobacco.

However, I believe Mr. Kahaya's expert opinion subsequently appeared in an interview published in the San Francisco Call some time later. That opinion was very flattering to the California product.

Very sincerely, yours,

ARAKELIAN BROS. & CO.

Senator SMOOT. That is when they were spending money t develop the industry?

Mr. ARAM. That is during the time when they were making mon buying the farmers' crop at confiscatory prices. They did not co out there to develop the industry. They came out there after t industry had started and came there to put it where they wanted but the farmers would not stand for it. For instance, when the ti came to deliver the tobacco to the buyer the farmer was inform that he must deliver it to the company warehouse at Merced. No this town happened to be 60 miles from the tobacco-growing sectio There was not a pound of tobacco grown within less than 60 miles Merced. The farmers would protest. Some would refuse to do s others would deliver. When the tobacco arrived at the wareho the farmer was then told what he would get for his tobacco.

After spending several days to pack and cart his tobacco to th distance he did not have the heart to cart it back another 60 mil and so he let them have it at their own price. After awhile t farmers would not have anything to do with him. There we protest meetings. The chambers of commerce of the various di tricts had to consider the situation, and the sentiment of the peop was so aroused that it was not the safest thing to go through th districts and be known as manufacturers' agents. The manufactur stayed there as long as the loot lasted and discontinued only becau outraged public opinion would no longer tolerate their tactics and t manufacturers were convinced that the supply could not be co trolled. Only a tobacco farmer knows the imperial arrogance of t tobacco buyer and his chief, and yet these men come down he before Congress and state without blushing that they went out California to try to develop the industry.

Senator McCUMBER. You have had 12 years since then to demo strate that.

Mr. ARAM. As to the quality, we are perfectly willing to get sampl of both imported and domestic-grown tobacco and make any te to satisfy this committee, if any doubt exists.

Senator McCUMBER. You think that any smoker who would use for a month could not tell the difference?

Mr. ARAM. There is no smoker in the country who can tell t difference. The manufacturer himself can not tell it. I have tri it on them.

Senator McCUMBER. Then why is it they can not sell it for as go a price, if they can make a cigarette that the smoker can not tell?

Mr. ARAM. That is, the American-grown tobacco?

Senator McCUMBER. Yes.

Mr. ARAM. They can and they have used it, but the domes product cost more than the imported. They would lose money they used our tobacco, especially now when the imported article going around begging for a buyer. The question of quality that t manufacturers have raised is not sincere. It is a question of t domestic costing more than the imported and also of encouraging source of supply which they can not control.

Senator McCUMBER. With a great many it seems to be a questi whether or not it will measure up in quality with the Turkish t bacco.

Mr. ARAM. We will dispose of that question by the method that I spoke of.

Senator McCUMBER. That would be to your satisfaction, but can you satisfy the buying public with that?

Mr. ARAM. I do not think the buying public can tell the difference between third-rate and first-rate Turkish tobacco, to say nothing of tobacco of the same quality. It is the manufacturer who says that this is not Turkish tobacco; in other words, the manufacturer wants to be judge, jury, and prosecuting attorney all at once. As to satisfying the public, we may yet go into manufacturing, and the public will give its verdict soon enough. About two months ago I made a few hundred cigarettes by hand. It was from tobacco that the association has in New York warehouses. I gave some of these cigarettes to Congressman Free of California. A few days after that he was in a banquet in Chicago and passed one of these cigarettes to the gentleman sitting next to him. He happened to be a fastidious Turkish-cigarette smoker and immediately inquired of Mr. Free as to where he could buy these cigarettes. There is nothing in this talk of the manufacturers about the quality. They were after it hard enough when they could get it on their own terms.

Senator McCUMBER. Your position is then, as I understand it, that these manufacturers, these large manufacturers, who can afford to buy in large quantities, are refusing to buy your product simply in order to destroy the business; that they really think it is just as good as the other, but they do not desire to purchase it, but want to drive you out of the market?

Mr. ARAM. Not necessarily.

Senator McCUMBER. Then why don't they buy it, if it is just as good?

Mr. ARAM. We can not sell it for the same price that the imported leaf costs them. If we did that, we would have to get out of business. We can not do it for the same price. So far as the manufacturer is concerned, if I were the manufacturer I would not buy the American-grown Turkish tobacco and pay more for it if I could get the imported article for less.

Senator McCUMBER. You say that the imported article, without paying duty, will cost 50 cents?

Mr. ARAM. More than that.

Senator McCUMBER. What will be the average?

Mr. ARAM. I can not say.

Senator McCUMBER. Well, we will say 75 cents. Then you would have to add 35 cents duty?

Mr. ARAM. Yes.

Senator McCUMBER. That would make $1.10.

Mr. ARAM. Yes.

Senator McCUMBER. If you get $1.10 can you make money?

Mr. ARAM. No, sir; it would be below the cost of production.

Senator REED. Let me ask again the last part of Senator Watson's question. You say that the American tobacco combination, or the big manufacturers—I will refer to them by the most offensive name I can think of—will not buy your tobacco although it has gone down to nothing, and the reason they will not buy your tobacco is that they want to put you out of business?

Mr. ARAM. Not necessarily; I did not say that. Our tobacc has not gone down to nothing. We insist on a fair price.

Senator REED. That is the way I understood it. Now, supp you put $1 per pound tariff on it. They are still actuated by th same motive. How are you going to make them buy your tobacc Why wouldn't they buy the foreign tobacco, as they do now, an refuse to buy your tobacco and charge the American consumer a littl more for the cigarettes?

Mr. ARAM. The question as to California tobacco—that is, as t whether they would buy or not—came when they realized that ou tobacco was costing more than the imported product, and they g wind of the fact that we wanted a tariff. What they wanted t prevent, and what they have tried to bring about for several year is that we should have no industry to talk about and ask protec tion for. As soon as we have a tariff for protection and the co in this country and the cost on the other side is equalized, then w can sell. They will buy it. Capital has no country and no favorit There is nothing personal in the manufacturers' attitude. But l us assume that even after the costs here and abroad have bee equalized they will not buy. We consume over 55,000,000,00 cigarettes a year in this country. About 85 per cent of that con sumption is represented by the so-called blended cigarettes. Wh is there not one manufacturer outside of the big five making blende cigarettes?

The reason is, when an independent operates on a scale where h needs large quantities of Turkish tobacco he gets into hot wate The supply is controlled. If the manufacturer is sufficiently shor sighted—which I don't believe he is—not to buy the domestic le when it can be given to him at an advantage over the importe through better quality, grading, etc., he will be exposing himself competition in the manufacturing field. I look to see the time wh the tobacco farmers' cooperatives will follow their product from fie to consumer, giving a fair smoke at a fair price. So, once you equa ize the cost here and abroad, you can trust the American farmer fight his battles. Tobacco growers' cooperatives selling their ow manufactured brands and telling the public why they were driven manufacture will make mighty good reading, and I don't belie the present manufacturing interests have any stomach for it. believe, however, that is coming in spite of what they may do. will be the first time the American public will get an honest smoke a fair price. There is too much advertising humbug and not enou value given in the tobacco business as it is conducted now.

Senator REED. You say that the little fellow is not buying, a the big fellow will not buy?

Mr. ARAM. They will later on. We can not live on the little f low's business.

Senator REED. Why not to-day?

Mr. ARAM. Because now we can not sell in competition with t imported leaf; when we have a protective tariff, it will be a differe story.

Senator REED. Let me read these figures to you: In 1918 y raised 870,000 pounds; in 1919, 1,525,000 pounds; in 1920, 700,0 pounds; and in 1921, 40,000 pounds. Now, if this conspiracy ex to put you out of business, and they will not buy your tobacco at

d you put a $1 a pound tariff on it, how are you going to make em buy?

Mr. ARAM. We are not going to force anybody to buy our products. believe I tried to make it clear a while ago. The reason that they ve held back for the last three years from buying is that the imrted leaf is much cheaper, and also they knew we were trying to vestigate the cost of the product on the other side and the cost of r product, and we were getting ready to come before a Republican ngress for protection. When the protection is given that will nish.

Senator REED. Three years ago?

Mr. ARAM. We began three years ago.

Senator REED. And you foresaw a Republican Congress. You did t know three years ago we were going to have one, did you?

Mr. ARAM. We were quite sure we were going to have one before ng.

Senator REED. You had better get filled up this time because you e not going to have one next year. [Laughter.]

Mr. ARAM. We will roll up a majority in California, any way. The rmers are protective tariff Republicans.

Senator McLEAN. How many pounds of tobacco does it take to ake a thousand cigarettes?

Mr. ARAM. Three pounds.

Senator McLEAN. So that a dollar a pound for the cost of the bacco in the cigarette would amount to 3 mills for the cigarette?

Mr. ARAM. I have a letter here from the Tobacco Products Corporaon, signed by James A. Dixon, in which he says:

> We are able to buy tobaccos that are equally as good tobacco in quality as the Calima tobaccos. of the 1913 crop, at 21 cents per pound f. o. b. shipping point: this ith the duty and expenses added brings the cost of same considerably below that hich you state the best of your tobacco has cost to produce, and we are therefore able to consider entertaining any proposistion to purchase these California tobaccos a price such as you mention.

Senator REED. What is the date of that letter?

Mr. ARAM. February 18, 1918.

Senator SMOOT. That is Colorado tobacco?

Mr. ARAM. California tobacco.

I have another letter from the Melachrino Co., dated New York, ovember 10, 1916, in which it states as follows:

> Your samples of California tobacco received a few days ago. We have examined em thoroughly and have also smoked cigarettes from this tobacco, but hardly think at we will be interested at the prices quoted in your telegram.

This is the Melachrino Co., making one of the highest grade Turkish garettes. You will note that they state they have smoked the bacco, but there is no objection or even mention of anything about uality. The contention has always been and is now on the price, cause we have not been able and we can not now sell the Americanown tobacco for the same price that the farmer on the other side n sell it for.

Senator LA FOLLETTE. Will you select from your material there l the letters that bear upon this subject—the telegrams and pamhlets, etc., that you have referred to?

Mr. ARAM. Yes, sir.

Senator LA FOLLETTE. And the charts that you have made?

Mr. ARAM. Yes, sir.

Senator LA FOLLETTE. And pass them to the reporter and let then be made a part of your statement?

Mr. ARAM. I will do that.

Senator REED. You say you have an association of 300 members

Mr. ARAM. Yes, sir.

Senator REED. Do you market everything through that associa tion?

Mr. ARAM. Yes, sir.

Senator REED. Why?

Mr. ARAM. For self-defense.

Senator REED. That is what Germany said when she built up he army.

Mr. ARAM. I do not know any better way of selling products tha through the association. We tried the other way.

Senator LA FOLLETTE. You sell your product just as the Californi fruit producers sell their products?

Mr. ARAM. Yes, sir.

Senator REED. You do that so that you can keep the price up, d you not?

Mr. ARAM. No, sir.

Senator REED. To keep it down, I suppose?

Mr. ARAM. No, sir. We keep the cost of production down.

Senator REED. The cost of production?

Mr. ARAM. Yes.

Senator REED. Doesn't each individual raise his own crop?

Mr. ARAM. Each individual raises his crop and manipulates it to certain point. After that, instead of each individual doing t curing, grading, etc., we do that through the central warehous which makes it cost less and also insures an impartial grading. insures shipping in car lots and every advantage to lower overhead.

Senator REED. All right. When you get it in that shape all t tobacco of all the members of the association has to be market through one agency, does it not?

Mr. ARAM. Through the board of directors of the association.

Senator REED. You have all the growers of this character tobacco in that association, have you not?

Mr. ARAM. Yes, sir.

Senator REED. You expect to get them all, don't you?

Mr. ARAM. Not all.

Senator REED. Substantially all?

Mr. ARAM. Yes; substantially all.

Senator REED. I am talking about them generally. So, if we p on this tariff and shut out the foreign tobacco——

Mr. ARAM (interposing). We are not going to shut it out. T protective tariff on wrapper leaf has not shut out imports. There more imported now than there was before the tariff. I will sub a carefully prepared chart on that subject for the record.[1]

Senator REED (continuing). There will be but one seller of yo tobacco in the United States, and that will be your association?

Mr. ARAM. Yes. That may be.

Senator REED. That will be a good thing for you.

---

[1] Omitted in printing.

Mr. ARAM. My best answer to that is that the results of cooperative marketing of farm products throughout the United States is to the advantage of every one. The cooperation is not for the purpose of holding up the public or the purchaser. It insures quality, grading, etc., and it also protects the farmer against the manufacturer who has shown that he knows how to take advantage of the unorganized producer.

Senator REED. And also prices.

Mr. ARAM. Of course, we have got to get back our money.

Senator REED. You know that your literature is full of representations to your members that by joining this association they can get better prices.

Mr. ARAM. If we can grade better——

Senator REED (interposing). I did not ask you that. I asked you if your literature is not full of statements to the effect that you can get better prices by joining the association?

Mr. ARAM. If the individual farmer dealt by himself, he would have to sell at the purchaser's price, and the consumer does not get the benefit.

Senator REED. And you don't intend to do that?

Mr. ARAM. My answer to that is that I have a letter written to each individual grower to the effect that the policy of the association will be as follows: We will compute the exact cost of growing and marketing and we will then charge so many per cent for profit, and so on. I can produce that letter. Only yesterday the President of the United States urged in his message to Congress that the farmers' cooperatives further extend their activities. The cooperative principle as it has been demonstrated in this country is not on the defensive. It needs no apology.

Senator REED. That is what the Steel Trust does, too.

Senator LA FOLLETTE. You have to deal with powerful interests, do you not?

Mr. ARAM. Yes. In our case at least we have to deal with industrial imperialists. I have an editorial here which appeared in Forbes' Magazine of January, 1921. It says, in part:

The unhappy truth is that several of the most powerful tobacco leaders are men of none too admirable type. They are a callous, heard-hearted, mercenary, money-grabbing lot, given to questionable operations to line their pocketbooks. It would be very salutary if the Department of Justice were to unearth a conspiracy to fix absurdly low prices for the growers' crops and then throw a few of the conspirators into jail.

The manufacturing group not only cooperates, but conspires also.

Senator REED. You would be a trust in absolute control of this particular tobacco if you could shut the foreign tobacco out and compel the consumers or manufacturers of tobacco to look alone to your single association. You would have every element of a monopoly, wouldn't you?

Senator MCLEAN. The American Tobacco Co. made 20 per cent on its common stock last year. That was pretty good considering business conditions. It is your idea, is it, that the farmer should have 10 or 15 per cent profit?

Mr. ARAM. Fifteen per cent above the actual cost of production, or whatever will be a fair profit to compensate the farmer for his work.

Senator REED. I do not hold a brief for the American Tobacco Co. I have said some mean things about them. I shall probably have some more mean things to say in the future. I am not in favor of enabling one monopoly to build itself up because an old one exists. You have said that you intend to draw into your association the men and——

Mr. ARAM. We have them now.

Senator REED. And you have a single selling agency?

Mr. ARAM. Yes.

Senator REED. You want to put up the tariff so that the manufacturer of tobacco has to buy your tobacco?

Mr. ARAM. We want the tariff so that when the imported product is laid down in New York and the American product is laid down in New York they will both have an equal chance, then let the two fight. Now we have no show. But, if you want to know what the farmers are thinking about, let me say that I have already taken some action in getting in touch with other growers of tobacco and if we can bring it about it is our intention to have the farmers' cooperatives sell direct to the consumer. As to the kind of literature we send out and what we are trying to do I will pass a letter into the record which will show our attitude on that subject:

AUGUST 19, 1921.

HON. FRANK PARK, M. C.,
House of Representatives, Washington D. C.

MY DEAR JUDGE PARK: A few days ago you spoke of the problems confronting the tobacco growers of the United States. I agree with you that the situation is intolerable both from the standpoint of producer and consumer. However, if we are to apply the proper remedy, we must know the exact causes responsible for the present condition.

The tobacco grower is the starting point of the entire tobacco industry from field to consumer. He is the king pin. Without him there would be no tobacco industry. This being true, it follows that no branch of the industry has any right to exact profit unless the man who produced the tobacco has received fair compensation for his labor and a fair profit on his product. In other words, if there is any profit in the tobacco industry, the farmer has first lien on it to the extent of his just share.

The manufacturers deny this fundamental proposition of sound economics. Instead, they have constituted themselves into an autocracy of this great industry. And this is just what ails the industry to-day.

Democracy is the antidote for autocracy. And the remedy for the present situation is more democracy in the industry all along the line from producer to consumer.

We have tried investigations, and we have had dissolution. You can not legislate the spirit of fair play and honorable dealing into a man trained in the school of avarice. Perhaps this was what Mr. Justice Harlan of the Supreme Court had in mind when he said:

"I confess my inability to find, in the history of this combination [the Tobacco Trust] anything to justify the wish that a new condition should be 'recreated' out of the mischievous elements that compose the present combination, which, together with its component parts, have, without ceasing, pursued the vicious methods pointed out by the court."

I am not a lawyer. To what extent the letter and spirit of the dissolution order is being obeyed I can not say. I don't know that it is important. The thing that interests me is this: The man who produces the tobacco is not getting fair returns. The man who consumes the tobacco is being exploited and is not getting quality.

The farmers and the consumers may not be able to explain the chemistry of rain, but it is a dead-sure shot they all know when they get wet. Why not come in out of the rain?

Why go on with a system that has been tried and found wanting and is getting worse every year?

We have the tobacco and we have the capital. Why not follow our product from field to the factory and to the consumer? There is not a smoker in the country who does not know that he is not getting what he pays for.

If the farmers will manufacture their tobacco, giving the consumer fair goods at fair prices and tell the public why it was necessary for them to do this, they can forget the tobacco barons.

This is the only solution I can see and I agree with you that the first step toward this cooperative effort of the farmers is to call a meeting of representatives of the various tobacco growers of the country.

Let us forget the manufacturers and do some constructive thinking of our own. It may be that for the present the manufacturers have a monopoly of this industry. I am willing to concede that point to them. But they have no monopoly on brains, energy, vision, and capital. And since we produce the tobacco that is all we need.

As to our fight for a fair tariff on Turkish-type tobacco, the manufacturers know that the tariff we got from the Ways and Means Committee does not mean an increase on the imported leaf to them. However, they are now in Washington, the entire tribe of them, with a few high-priced lobby lawyers, trying to have the tariff taken off the bill. They do this because they know that this tariff will promote the home production of this leaf, and since it is necessary for blending purposes they don't mean to let any competition develop in the manufacturing field, as you know they control the available supply on the other side. And that is all there is to this fight.

Please feel that you can call on me whenever I can be of service in this matter.

Very sincerely, yours,

ALFRED ARAM,
President Associated Tobacco Growers of California.

There is no reason, so far as I can see, why a man in England should smoke a cigarette for which he pays the same price that an American who smokes the same cigarette pays after considering the 100 per cent higher tax that they pay in England and the fact that in the United States the cigarette is made where the tobacco grows at the doorstep of the factories.

Senator REED. I want to ask you a question about this. I hope you can give a direct answer. You say that the cigarette retails in England at the same price as in the United States, although the English tax, the import tax, is heavier than the aggregate of the domestic taxes on the cigarettes in this country. You say that that applies to the retail cigarette. I want to know about the wholesale price.

Mr. ARAM. I know nothing of the wholesale price. We had a man go around in England, stop at a store, ask for a cigarette, and pay for it.

Senator REED. Of course, the American retailer may be charging one price and the British retailer another. What you say about the cigarettes—and I am not trying to argue this point with you—is true of many things made in this country and sold abroad. I think it is generally true that the foreign price is less than the domestic price here on nearly everything exported from this country. Isn't that your understanding?

Mr. ARAM. I do not know about the other commodities. I have been so busy with tobacco that I have not had the opportunity to study the others. But the reason it is so in the case of tobacco products is that the manufacturers have a high tariff in this country on cigarettes, so they have a tariff wall around the country so high that the foreign manufacturer's cigarettes can not get in, and, there being no competition within the country, they can charge what they please. But when they go to England or other countries they have to meet competition. And when it comes to protection, I have a photograph here which I will pass to the committee. It shows a port on the Black Sea where tobacco is being loaded for shipment to America. Out in the distance you can see an American destroyer. So the manufacturers are not only getting all the protection they want against foreign competition, they get some unusual protection

in obtaining raw materials wherever they can get it cheapest, even if it takes American destroyers to protect them in troubled countries so that they may bring this tobacco and compete against the American farmer. I will also pass a report for the record which bears the date of September 12, 1921. It is from Rear Admiral Bristol, United States high commissioner at Constantinople, to the Secretary of State. It says in part:

The Samsoun offices of the American tobacco companies have been able to k... in touch with their Constantinople and New York offices owing to the presence of our destroyers at Samsoun and our permission to send mail by these destroyers and to transmit urgent messages by radio.

I am sorry Admiral Bristol neglected to mention that the representatives of the American tobacco companies have been also riding back and forth on our destroyers between Constantinople and Samsoun, all of which is very proper and commendable, but how about some protection for the American farmer?

Senator REED. Don't you think it would be well to find the wholesale prices of these cigarettes as well as the retail prices?

Mr. ARAM. When the manufacturers come down to Congress and say, "If you raise the price of the blended cigarette thirty-two one-hundredths of a cent per package of 20, we will be ruined," I want to know how they do it in England. Here, for instance, is a cigarette made of pure Virginia tobacco. It is the highest grade. It sells for 10 cents in England. I got my information from the manufacturer himself. It is made by the British-American Tobacco Co., either the parent or the child of the American Tobacco Co., I don't know which.

Senator REED. That is made in England?

Mr. ARAM. Made in England.

Senator REED. What does it sell for?

Mr. ARAM. Ten for 10 cents.

Senator WATSON. Is that made of pure Virginia tobacco?

Mr. ARAM. It is made of pure Virginia tobacco.

Senator LA FOLLETTE. What does it sell for in this country?

Mr. ARAM. Ten for 10 cents also. The taxes run like this: In England this cigarette pays a tax of $4.90 to the British Government. In America it pays $3, to say nothing about the cost of transportation and insurance.

Let me say that the British taxes, income taxes, etc., are much heavier in England than in the United States, yet an Englishman smokes better cigarettes—I think it is a better cigarette; it does not contain "57" varieties of artificial flavorings—for the same price that we pay in the United States where tobacco is grown at the factory doors. Now the American manufacturers say, "If you raise this duty, you are going to ruin us," that the smoke will never again rise out of their factory chimneys.

Senator REED. What was the labor cost in that English cigarette?

Mr. ARAM. The labor cost?

Senator REED. Yes.

Mr. ARAM. I do not know. I discussed that matter with Mr. Dushkind, secretary of the Tobacco Merchants Association. He is here in this room now. I called his attention to the fact that the manufacturers had a very high duty, almost a prohibitive duty on cigarettes, and that they were very well protected, but that when you come to protecting the farmer they do not believe in protection.

nd he stated to me that no country can compete with the United tates in the manufacturing of cigarettes.

Senator REED. We have to pay more for our labor here, do we not?

Mr. ARAM. I do not know about that.

Senator REED. Well, I want to get back to this tax phase. You ay the direct tax is $3 and the English tax is $4.

Mr. ARAM. There are two classes of tax in England. I do not now which one they did pay. I am going to give the American nanufacturers the benefit of the doubt. If the tobacco contains ess than 10 per cent moisture they paid a rate of $5.62. If the obacco they use contains more than 10 per cent moisture they pay $4.90. Now I am taking the $4.90 rate.

Senator REED. Very well, we will take $4.90. Are there any ther taxes to be paid in this country by the manufacturers?

Mr. ARAM. The license tax, the same as in England. It is heavier here.

Senator REED. Is there any other? Do they pay county and State taxes?

Mr. ARAM. They pay the same thing in England and more.

Senator REED. I am speaking now of the price of the cigarettes.

Mr. ARAM. Yes. So far as the selling cost is concerned, it ought o be less in the United States because it is practically under one head. Because it is under one head the business ought to be done more cheaply over here. And the consumer should be given some of the saving.

Senator REED. Your theory is that they can raise tobacco as cheaply here as they can abroad.

Mr. ARAM. I do not know what is going to happen.

Senator REED. Until they change their living conditions in this country and in Turkey, where they raise Turkish tobacco, you can not compete, can you?

Mr. ARAM. No, sir.

Senator REED. That is a permanent condition until the whole world changes, is it not?

Mr. ARAM. Yes; unless the other countries growing tobacco change to our standard of living.

Senator REED. I will ask you this: Under those conditions, can we compete?

Mr. ARAM. No, sir. We can not compete under the present conditions.

Senator REED. Some gentlemen raise peanuts. They say they can not compete. Other gentlemen raise long-staple cotton, and they say they can not compete. Do you believe in putting a tariff on them?

Mr. ARAM. Absolutely. We are better off in the long run. Everybody in the United States is better off under the protective tariff principle.

Senator REED. Therefore, we ought not to buy anything abroad that we can produce here, no matter how much it costs to produce it here?

Mr. ARAM. Well, I am not an economist. The question is not in my line. I can answer questions about tobacco. I want to come back to this cost and tax business. This morning something was said about the Pall Mall cigarette. It is considered the highest class

of Turkish tobacco cigarette. Until recently it was retailing for 30 cents; that is, $30 per thousand.

Senator WATSON. That is all Turkish tobacco?

Mr. ARAM. I think it is. It is a good cigarette. That is $30 per thousand. They sell it here now for $25 per thousand and in England for $24. The total taxes on this cigarette in this country are $4.31 per thousand, in England—I don't know just what class of tobacco they use, as to the moisture content, but giving them the benefit of the lower rate, it is $7.35 per thousand. Now, they come here and say, "You are going to ruin us by putting so many mills on a package of cigarettes." I will say this, if this protective duty on this Turkish type of tobacco causes the manufacturers to raise the price to the consumers, there are quite a number of gentlemen in this country that nothing would suit them better, because they will then go to manufacturing. The Fordney tariff on this tobacco will do more toward bringing competition in the cigarette business than all the investigations and dissolutions have or can accomplish. Manufacturers know this and that accounts for their frantic efforts to take it off the bill.

Senator McLEAN. Did you get those figures right?

Mr. ARAM. $25 per thousand in this country and $24 per thousand in England.

Senator LA FOLLETTE. Is that the wholesale price?

Mr. ARAM. No, sir; it is the retail price at the store.

Senator McLEAN. What is the difference in the tax here?

Mr. ARAM. In America it is $4.31; in England, $7.35. Besides they have to pay the same price on the other side for tobacco that goes both to the factory in England and here.

Gentlemen of the committee, this industry can not go any further unless there is a protective tariff. It will protect our industry and it will be added revenue to the Government without putting any additional burden on the consumer.

Senator SIMMONS. There is a protective tariff. You mean a tariff of a dollar?

Mr. ARAM. The tariff is like a pair of shoes. If the shoes are not big enough you can not wear them, and if it isn't big enough it is of no possible use to you regardless of what the size may be; 35 cents does not protect; 80 cents doesn't protect; $1 a pound is the minimum that can do us any good at all.

Senator SIMMONS. There is nothing in that sort of stuff. I want to ask you this question. You say that the present cost of our production of this tobacco, that is, the production in your State, is $1.25.

Mr. ARAM. We have an exact statement, item by item, which can be furnished to the committee. I think it comes to $1.32. I believe it averages that. We have an itemized statement there in our memorandum.

Senator SIMMONS. And you want 15 per cent profit on that?

Mr. ARAM. I do not know what profit we want. We want a fair profit and we are entitled to it.

Senator SIMMONS. You said that was the profit you sought to get through your association.

Mr. ARAM. About that; yes, sir.

Senator SIMMONS. Then you would want $1.32 plus 15 per cent. Have you calculated what that would be?

Mr. ARAM. $1.47.

Senator SIMMONS. That is what you want? That would get you out, would it?

Mr. ARAM. Yes; on some grades of tobaccos.

Senator SIMMONS. Will you be able in the future to reduce the cost of producing that tobacco in California?

Mr. ARAM. Yes. I made that statement to the Ways and Means Committee.

Senator SIMMONS. What is the price to which you hope to get the cost of production reduced?

Mr. ARAM. I can not make a definite statement in regard to that. Once the industry gets on its feet, we shall be glad to pass on to the manufacturer any reduction in production cost.

Senator SIMMONS. We will assume that the industry is on its feet. What will you be able to get the cost of production down to?

Mr. ARAM. I believe that we will be able to reduce the cost of production.

Senator SIMMONS. How much?

Mr. ARAM. I could not state. I do not know what the conditions will be a year or two years from now.

Senator SIMMONS. You said that Turkish tobacco sold in this country now from 15 to 30 cents a pound.

Mr. ARAM. That is in bond. Some of it is more.

Senator SIMMONS. You put the maximum at 30 cents and the minimum at 15.

Mr. ARAM. That is not the regular price.

Senator SIMMONS. Then the average could not be over 30 cents.

Mr. ARAM. That is not the regular price. That was following the slump.

Senator SIMMONS. I am not talking about the period before the war. What is the average price now of the Turkish tobacco in this country?

Mr. ARAM. I do not know what the manufacturers are paying. We only know our own production.

Senator SIMMONS. I thought you undertook to tell the committee that the Turkish tobacco was sold in bond between 15 and 30 cents.

Mr. ARAM. That is their statement. They said they could not pay a higher price to us, because they can get the imported leaf for that price.

Senator SIMMONS. Assume that you get down to a dollar. That is about as low as you could hope to get, is it not?

Mr. ARAM. I do not know—probably.

Senator SIMMONS. You would never hope to get it down to the Turkish price of 30 cents?

Mr. ARAM. The cost of production on the other side?

Senator SIMMONS. Yes.

Mr. ARAM. We can never do that unless we and our wives and children learn to subsist on salt fish and onions as they do on the other side and we trust this Congress will not pass such a sentence on us.

Senator SIMMONS. So that this is one case where we have notice in advance that we will never be able to produce that article in this

country for less than two or three times as much as it can be bought for abroad?

Mr. ARAM. What is that statement, Senator?

Senator SIMMONS. I say that we have notice now that in order to build up an industry——

Mr. ARAM (interposing). Not to build up an industry, but in order to help the industry that exists and to keep it from dying.

Senator SIMMONS. We will say in order to keep afloat an infant industry that produces 700,000 pounds.

Mr. ARAM. We produced over 1,500,000 pounds in 1919.

Senator SIMMONS. Out of the total production in this country of a billion and a half.

Mr. ARAM. Our tobacco is not compared with southern tobacco. There is no demand for that much tobacco of Turkish type.

Senator SIMMONS. You are asking a duty of $1 per pound.

Mr. ARAM. Yes. We ask that there be no change in the Fordney rate.

Senator SIMMONS. In order to keep that industry, that little industry, alive, and to enable it to expand?

Mr. ARAM. Yes. In order that the money American smokers pay may go to American farmers and cultivate American acres instead of going to foreign countries.

Senator SIMMONS. But at the same time you are giving us notice that when it gets on its feet and when it has expanded to its utmost limits you will not be able to produce this article in this country for less than three times as much as it costs to produce it abroad?

Mr. ARAM. I do not say how much the cost of production will be brought down, but it will not be the same as on the other side.

Senator SIMMONS. I understood you to say that it would not be below a dollar per pound.

Mr. ARAM. I did not say that. I do not know how much we can reduce our cost of production. We can not predict what the cost of production will be several years from now. That is determined by numerous elements not within our control.

Senator SIMMONS. Ordinarily, the contention is made that if we will give a struggling industry adequate protection in a short time it will grow and expand and the cost of production will be reduced to such a point that ultimately we will be able to buy the American product at a lower price than we can buy the foreign product for, but you tell this committee, as I understand it, that there is no hope of ever reaching the point where you can supply this country with this product at anything like the price we have to pay abroad.

Mr. ARAM. The Fordney rate does not justify any increase to the consumer. The American manufacturers seem to have found the way to sell cigarettes to Englishmen at less than what they charge you and I, in spite of 100 per cent differential in taxes in favor of the American consumer. It is very clear what we need is competition and the American production of this tobacco will have that tendency. The price of smoke is determined not by Government taxes, but by the degree of competition and the manufacturing and distribution. If taxes determined prices, in England they would have to pay double what we pay here, but they don't. They pay the same as over here or less. I know intimately the conditions existing in this country and those existing abroad and the difference between the

living standards of producers of Turkish tobacco in this country and abroad. If our farmers and their families and our employees must live at the same level as they do over there and under the same conditions, we do not want the industry. I do say, as I have said before, that we will never be able to reduce our cost of production here to the same level as over there unless they change their standards of living.

Senator SIMMONS. Then, the reduction in this case can never equal the cost of the Turkish tobacco abroad; that is to say, it will never come to the point where it is sold as cheaply here as in other countries?

Mr. ARAM. It can not be, unless conditions over there change.

Senator SHORTRIDGE. Mr. Aram, you have answered the Senators by stating that the average cost per pound of producing the Egyptian tobacco is about $1.25.

Mr. ARAM. About $1.32 average.

Senator SHORTRIDGE. Senator Simmons very properly, I thought, asked you whether you think that hereafter you can produce that tobacco more cheaply. Now, you are now taking into consideration the various elements that go to make up that sum total, are you not?

Mr. ARAM. Yes, sir.

Senator SHORTRIDGE. Such as the cost of labor, taxes, and all the incidental expenses that would occur?

Mr. ARAM. Yes.

Senator SHORTRIDGE. If the cost of labor shall come down; if taxes shall be reduced; and the various other elements of cost are reduced, you would ultimately be able to produce the tobacco, of course, at a less price, would you not?

Mr. ARAM. At a less price; yes.

Senator SHORTRIDGE. But you do not hold out the hope that the American farmers—men and women engaged in this industry—will ever be able to produce the tobacco at as low a cost as this tobacco is produced in some of these other countries?

Mr. ARAM. I am positive that will never be done unless they adopt higher standards of living over on the other side. But it must be remembered that while the cost of production abroad is very low and the manufacturers get it very cheap, so far as the consumers' prices of cigarettes are concerned, they might just as well support the American-grown leaf. In other words, the low cost of production over there has been of no benefit to the consumer because the manufacturer has never shared it with them.

Senator SMOOT. If a smoker can not tell the difference between the blended and the straight tobacco, why in the name of common sense don't you manufacture it for cigarettes?

Mr. ARAM. Our tobacco costs us more than the imported tobacco costs. We can not put it on the market and compete with them. Our tobacco costs us more money.

Senator SMOOT. It does not cost more than the English tobacco costs them.

Mr. ARAM. We will have to sell it in this country. We can not export our tobacco or the manufactured cigarettes from our tobacco because we can not meet competition abroad. However, we can put on the American market as good a cigarette and better than the manufacturers have ever given to the public, and even with the high cost of our leaf to us we can market it at the present prices to the con-

sumer and make a fair profit. But with the cost of the imported leaf so much lower to the manufacturer as soon as we have invested in factories, etc., and get started in distribution they will come along with a fighting brand and sell it at a price where they can still make a profit, while it would be below our cost of production. They have done this sort of thing before.

Senator SMOOT. You have millions and even billions of cigarettes that are sold in this country.

Mr. ARAM. No. We can not find a market for these cigarettes because our tobacco costs us more money.

Senator REED. I thought a moment ago you said these men were profiteering.

Mr. ARAM. I made no such statement. I simply compared prices here and in England. The committee and the public can draw their own conclusions.

(Mr. Aram submitted the following resolutions, charts,[1] and other documents:)

SACRAMENTO CHAMBER OF COMMERCE,
June 2, 1921.

Hon. SAMUEL M. SHORTRIDGE,
United States Senator, Washington, D. C.

MY DEAR SENATOR SHORTRIDGE: The board of directors of the Sacramento Chamber of Commerce has given most careful consideration to the tobacco industry of California, and unanimously urge that you use your effort to the end that Congress place a tariff of $1.80 per pound on Turkish tobacco, as requested by the Associated Tobacco Growers of California. It is vitally important that this be done if the tobacco industry in California is to be developed free from the competition of the imported leaf.

There is no comparison in labor costs between America and the Orient. At the same time the tariff requested will make no material increase in the price to the consumer of the finished product.

We will appreciate your putting forth every effort possible, and if there is any further assistance we can render to you, please feel free to call upon us.

Very truly, yours,

A. S. DUDLEY, *Secretary-Manager.*

[Telegram.]

WOODLAND, CALIF., *March 17, 1921.*

HON. CHAS. F. CURRY, *Washington, D. C.:*

Yolo County vitally interested in tariff on tobacco. Industry here could be made very successful and profitable if protected. We have half million pounds here now and no market. Question indeed vital one.

YOLO COUNTY BOARD OF TRADE.
FRED. SHAFFER, *Secretary.*

RESOLUTION BY THE YOLO COUNTY BOARD OF TRADE.

Whereas dependable advice indicates to us that the tobacco industry of Yolo County and the entire State is jeopardized by the conduct of interests opposed to California production and favorable to the importation of the product grown and prepared by the cheap labor of the Orient; and

Whereas Yolo County growers now have on hand a production estimated in value at a half million dollars and find it impossible to compete with the product of foreign countries, where cheap labor and a deplorable living condition exists: Therefore be it

Resolved by the Yolo County Board of Trade, called in special session to act in this emergency, That we ask our Senators and Representatives in Washington to exert every possible effort and encouragement to the end that an adequate protection ma-

[1] Omitted in printing.

be laid by Congress so that our people may no longer remain the victims of this unjust and unfair proposition; and, further, that a copy of this resolution be forwarded by the secretary of this board to our Senators and Representatives.

Adopted May 27, 1921.

RESOLUTION BY THE WOODLAND AD CLUB.

Whereas it has come to the knowledge of this organization that influences inimical to the agricultural interests of the county are at work in Washington; and

Whereas the tobacco industry has been developed in Yolo County to the extent that it is a potent factor in the economic well being of this community; and

Whereas this organization is fully cognizant of the vital interdependence of the agricultural and commercial interests of the community: Therefore be it

Resolved, That the Woodland Ad Club, representing the business interests of the community, heartily indorses the efforts being made to procure adequate protection for this industry and urges its Representatives in Congress to do all in their power to the end that proper protection may be had; and be it further

Resolved, That copies of this resolution be forwarded by the secretary of the club to our Senators and Representatives in Congress.

Adopted and approved unanimously, May 25, 1921.

SAN DIEGO CHAMBER OF COMMERCE,
San Diego, Calif., July 26, 1921.

Mr. ALFRED ARAM,
President Associated Tobacco Growers of California,
Care of Hon. C. F. Curry, House Office Building, Washington, D. C.

MY DEAR MR. ARAM: We have your letter of July 19, stating that the tobacco manufacturers in New York had stated to the Ways and Means Committee that they have a statement from the San Diego County Chamber of Commerce that this organization is not in favor of the development of the tobacco industry, and that it considers this industry is a failure in San Diego County.

For your information will state that the writer has been in this office for the past nine years and can not learn from our records that this organization has at any time taken such action. On the contrary, we wish to assure you that the San Diego Chamber of Commerce is heartily in favor of the development of the tobacco industry in California, and considers that it has made a good showing in this State, and that they believe it to be susceptible of great development in this region, which has been proven by the success of the industry in various parts of California.

Please be assured that we are most heartily in sympathy with this work and that we greatly appreciate the efforts of our good Congressman, Judge Swing, in expressing himself as very much in doubt as to any such expression having gone out from the San Diego Chamber. Mistakes of this kind seem bound to occur, and we are very happy to have the privilege of refuting this one and trust that our explanation is ample.

Very truly, yours,

WM. TOMKINS,
Executive Secretary.

Copy to Congressman Phil D. Swing.

[Telegram.]

APRIL 26, 1921.

Representative BARBOUR, *Washington, D. C.:*

At a meeting of the directors Exeter Chamber of Commerce to-day tariff on Turkish tobacco was indorsed. We would like you to do everything in your power to have Ways and Means Committee pass this tariff.

THE EXETER CHAMBER OF COMMERCE,
ROBT. N. RICHARDSON, *Secretary.*

[Editorial in the Sacramento Bee, May 28, 1921.]

CALIFORNIA TURKISH TOBACCO NEEDS TARIFF PROTECTION.

California and southern Oregon are the only districts in the United States suitable for growing Turkish tobacco, from which the cigarettes which millions smoke are made.

Not only are the climate and soil favorable, but the tobacco has been successfully grown, 1,200,000 pounds having been raised in 1919.

But, as with many other products, importation from countries where lower standards of living provide cheaper labor so shattered the market price that the 1919 domestic crop is still warehoused for lack of offers that would meet production costs.

To overcome this, the Association of Tobacco Growers of California, composed of the producers in this State, is asking a tariff on foreign-grown Turkish tobacco with hope of success from the present Congress.

A duty of 35 cents a pound has been imposed on tobacco imported into this country for many years. That amount is sufficient to protect the burley tobacco, grown throughout the South, where conditions are especially favorable to its production.

According to the Tobacco Growers' Association, however, 35 cents is not enough to protect the domestic production of Turkish tobacco.

A precedent is cited in the tariff duty placed on wrapper-leaf tobacco, grown in the Eastern States. Shortly after the first experiments on a commercial scale it was realized the ordinary tariff rate was insufficient, and a special rate of $1,85 a pound was secured.

In the emergency tariff bill that amount has been raised to $3.

The Tobacco Growers are asking a tariff duty of $1.80 a pound.

Exactly what the tariff duty should be to protect American growers against the handicap of cheap foreign labor, without giving such a differential as would be unfair to American consumers, the Bee does not know.

A just amount of protection, however, determinable by Congress would give the industry a chance to grow, as there are hundreds of thousands of acres in California suitable for tobacco culture.

The 1,500 acres planted in 1919, a large part in Yolo County, does not even foreshadow the extent to which the tobacco industry might grow in this State if properly protected.

Unlike most other crops, Turkish tobacco does not demand the rich lowlands for its culture. It thrives best on the hillsides that fringe the Sacramento Valley and the smaller valleys.

Irrigation is not needed, for the tobacco matures in the short space of 4 days after being transplanted from the seed beds as soon as danger of heavy frosts has passed.

Such a crop as this, for the annual importation is worth $40,000,000, would be a valuable addition in large acreage to California's products.

California should lend her efforts to securing a just tariff rate which will equalize the difference in cost between labor in foreign countries and in this country.

RESOLUTION FROM THE NORTHERN CALIFORNIA TURKISH TOBACCO GROWERS' ASSOCIATION.

Whereas it has come to the attention of the Northern California Turkish Tobacco Growers' Association that influences are at work in Washington to defeat the efforts of the Associated Tobacco Growers of California toward the securing of an adequate tariff for this industry; and

Whereas these same influences have in the past, and do now, maintain an arbitrary and stifling control over the tobacco industry, which has not only persistently deprived us of the fruits of our labors, but through various methods has prevented the industry from attaining its legitimate development in the Pacific Coast States; and

Whereas we seriously object to the enrichment of manufacturers and importers from the Orient at our expense, and the cultivation of foreign fields while our fields are rendered unprofitable, because it better serves the selfish purposes of a powerful group whose activities and methods do violence to our conception of democracy and equality of opportunity; and

Whereas, through the great difference in the cost of production in the Orient and in America, over $40,000,000 are paid annually to the foreign growers while the American product is forced from the market; and

Whereas under similar conditions Congress gave aid to the growers of wrapper-leaf tobacco of the Eastern States by levying a tariff of $1.85 per pound, and recently granted them further protection: Therefore be it

Resolved, That we respectfully request Congress to grant the growers of Turkish tobacco of California the protection necessary to free the industry from the unequal competition against the low production cost of foreign tobacco, and thereby remove the chief obstacle against expansion of this industry: And be it further

Resolved, That copies of this resolution be forwarded to our Senators and Representatives in Congress with the request that they do whatever is in their power to secure the necessary protection asked for by the Associated Tobacco Growers of California.

Unanimously approved and adopted at a special meeting, held in the rooms of Yolo County Board of Trade, Woodland, Calif., this 27th day of May, 1921.

[News item.]

FRESNAN FIGHTS FOR TARIFF—TOBACCO GROWERS BUCKING "TRUST" IN WASHINGTON.

EXETER, *August 6*.

Alfred Aram, of Fresno, president of the California Association of Tobacco Growers, who is in Washington, D. C., fighting for a tariff on tobacco sufficiently large to allow the California grower to raise tobacco, has sent out a call for affidavits showing that the tobacco raised in the Exeter district, when the "trust" had a farm here, was considered of a very good quality. The secretary of the local chamber of commerce during the last few days has gathered some of the documents from residents who raised the tobacco at that time. At the present time the "trust" discredits the California product.

THE AMERICAN PROTECTIVE LEAGUE,
New York, April 28, 1921.

Hon. WILLIS C. HAWLEY, M. C.,
Washington, D. C.

DEAR MR. HAWLEY: In connection with the agricultural schedule, which has been referred to your subcommittee, we are inclined to think that you will find some peculiarly powerful influences opposed to an adequate protective tariff on American Turkish tobacco which has been developed on the Pacific coast.

As you know, we never recommend a rate of duty, but feel that if the American-grown Turkish tobacco is equal to the foreign, it should be classified at a higher rate than filler tobacco.

Very truly, yours,

WILBUR F. WAKEMAN,
Treasurer and General Secretary.

[United Chambers of Commerce of the Sacramento Valley, representing the chambers of the following counties: Amador, Butte, Colusa, El Dorado, Glenn, Lassen, Modoc, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Siskiyou, Solano, Sutter, Tehama, Trinity, Yolo, and Yuba.]

BENICIA, CALIF., *June 29, 1921.*

Hon. CHAS. F. CURRY,
House of Representatives, Washington, D. C.

DEAR MR. CURRY: At the monthly meeting of the United Chambers of Commerce of the Sacramento Valley held at Oroville, Calif., on June 11, 1921, a resolution was unanimously adopted expressing the view that the California growers of Turkish tobacco should be given adequate tariff protection for their product and requesting that the United States Senators and Members of Con-

gress from the State of California be asked to use their best efforts towar securing such protection in the pending tariff bill.

The above action was based on the showing that there has been develop within the State of California, on a scale of considerable importance, the grow ing of tobacco of the type under consideration. This development has bee especially great along the foothills of the Sacramento Valley in the territo covered by this organization. It is claimed by the officials of the Californi Tobacco Growers' Association that, with the existing tariff rates on this cla of tobacco, the California growers find themselves unable to compete wit tobacco of similar quality being imported from China, Turkey, Greece, Japa and other countries in which the rates for labor are much lower than those i the United States.

As bearing out this view, the secretary of the Yolo County Board of Tra states that there are at present approximately one-half million dollars wort of Turkish tobacco stored in the warehouses of that county for which no reaso able sale price has been obtainable. He states that similar tobacco from oth countries to a value of approximately $3,000,000, and from China to a value approximately $6,000,000, has passed through California eastward since th stock has been in storage in Yolo County. The providing of a higher tari for the California tobacco would evidently be in line with what has heretofo been done for certain types of tobacco grown in Eastern States.

Sincerely, yours,

E. P. O'Hern.

President United Chambers of Commerce of the Sacramento Valley

---

Penryn, Placer County, Calif., *July 26, 1921*

Mr. Alfred Aram,

President Associated Tobacco Growers of California,

Washington, D. C.

Dear Mr. Aram: In answer to your letter of July 16, with reference to t sale of my tobacco, I am inclosing herewith all letters I have in this connecti You will note I have italicized a portion of Mr. Wilson's letter, which proves, i my estimation, the manufacturers are willing to pay a fair price under certa conditions.

Yours, very truly,

H. R. Owe

New York, *April 21, 1921*

Mr. George W. Bisbee,

Pioneer Fruit Co., Sacramento, Calif.

Dear Mr. Bisbee: I presume you thought from my silence that I had forg ten to attend to the sale of the tobacco, but for four or five days last week ra road conditions were such that I was unable to even get into New York. W when I did last Friday I started at once to try and interest some one in t proposition.

The United Cigar Stores Co. could not handle it, and sent me to another lar corporation. After looking at the sample they told me in the first place th would not buy 9½ tons from such a small sample, and wanted to know if t shipper would send three or four bales as a representative sample of the ent lot; that upon a thorough examination of these bales they might find mo better tobacco than the small sample, and then they could offer more mone *That during the war, when it was hard to get from the other side, they had p as high as $1.25 per pound, but now they could and were getting plenty from other side, but they would take a chance at 30 or 35 cents.*

I then went to see the American Tobacco Co., and they said the proposit was too small for them.

Very truly, yours,

J. M. Wilson

Annual consumption of cigarettes in the United States, 1912–1920 (fiscal year

1912	11,239,536,803	1917	35,000,000,0
1913	15,000,000,000	1918	40,000,000,0
1914	20,000,000,000	1919	45,000,000,0
1915	25,000,000,000	1920	50,448,544,0
1916	30,000,000,000		

The net earnings of the P. Lorillard Co., of New York, for 1920, after deducting expenses of operation and reserves for excess profits and income taxes, amounted to $7,779,256.42, compared with $4,980,377 in 1919.—Tobacco Record of March 16, 1921.

Consumption of cigarettes in the United States.

[Based on statistics from Commissioner of Internal Revenue.]

1880	408,708,366	1901	2,277,069,818
1881	567,395,983	1902	2,651,618,797
1882	554,544,186	1903	3,041,573,668
1883	640,021,653	1904	3,235,103,868
1884	908,090,723	1905	3,376,633,643
1885	1,058,749,238	1906	3,792,759,903
1886	1,310,961,350	1907	5,167,021,357
1887	1,584,505,200	1908	5,402,336,113
1888	1,862,726,100	1909	6,105,441,178
1889	2,151,486,160	1910	7,844,748,515
1890	2,233,254,680	1911	9,254,351,722
1891	2,684,538,760	1912	11,239,536,803
1892	2,892,982,840	1913	14,294,895,471
1893	3,176,698,700	1914	16,427,086,016
1894	3,183,783,130	1915	16,756,179,973
1895	3,328,477,677	1916	21,087,757,078
1896	4,043,798,737	1917	30,529,193,538
1897	4,153,252,470	1918	36,959,334,804
1898	3,753,697,908	1919	38,104,738,310
1899	2,805,130,737	1920	50,448,541,689
1900	2,639,899,785		

Internal-revenue taxes on cigarettes, 1880–1920: 1880–1883, $1.75 per thousand; 1884–1898, 50 cents per thousand; 1899–1910, $1.50 per thousand; 1910–1917, $1.25 per thousand; 1918, $1.65 per thousand; 1919–1920, $3 per thousand.

Marked decline in the consumption of cigarettes, 1898–1902, caused by Spanish-American War.

During the entire period covered by the above statistics the duty on imported cigarette leaf has been 35 cents per pound.

Internal-revenue collections.

1880	$14,206,819.49	1901	$21,450,867.78
1881	16,095,724.98	1902	18,722,045.73
1882	18,245,852.37	1903	20,705,041.53
1883	16,895,215.15	1904	20,498,711.84
1884	10,368,805.27	1905	20,976,091.95
1885	10,077,287.50	1906	22,008,184.08
1886	10,532,804.05	1907	23,002,586.43
1887	11,364,916.33	1908	21,259,326.59
1888	11,534,179.95	1909	20,814,317.65
1889	11,602,156.92	1910	22,001,437.91
1890	12,263,669.95	1911	22,673,008.31
1891	13,424,678.30	1912	22,589,467.51
1892	13,646,398.25	1913	23,872,446.25
1893	14,442,591.35	1914	23,790,091.44
1894	12,200,752.30	1915	21,903,564.43
1895	12,491,917.32	1916	22,881,202.53
1896	12,713,267.83	1917	25,512,909.67
1897	12,189,507.29	1918	30,910,204.15
1898	13,626,049.71	1919	37,011,263.77
1899	16,854,523.57	1920	56,415,927.82
1900	19,785,481.64		

Increased duty on wrapper tobacco and the development of American wrapper tobacco has brought about increase in consumption of cigars, in Government revenue, and in imports, because the home-grown tobacco fostered competition in manufacture. Protection to the American Turkish-type tobacco will show similar results in the cigarette industry.

Import duty per pound of filler tobacco.

United States	$0.35
Canada	.40
England:	
Class A	2.25
Class B	1.96

Internal revenue per 1,000 cigarettes.

United States	$3.00
Canada	6.00
England:	
Class A	[1] 8.43
Class B	7.35

Internal revenue per pound of pipe, smoking, plug, etc., tobacco.

United States	$0.18
Canada	.20
England:	
Class A	[2] 2.25
Class B	1.96

THE AMERICAN TURKISH-TYPE TOBACCO—ITS RELATION TO THE CIGARETTE INDUSTRY AND THE CONSUMER.

THE TERM TURKISH-TYPE TOBACCO.

The term "Turkish tobacco" is a generic term and used to differentiate between certain members of the tobacco family. Within the term "Turkish type" are included over 20 varieties of tobacco, each possessing its particular characteristics. The term has no geographic significance any more than the term "navy beans," and no country can claim it as its product exclusively.

World production (prewar period).

[Authority: Commissioner of Internal Revenue.]

	Pounds.		Pounds.
Bulgaria	30,000,000	Asia Minor	15,000,000
Greece	22,000,000	Macedonia	75,000,000
Rumania	20,000,000	South Africa	15,000,000
Russia	70,000,000		

Total annual production about 247,000,000 pounds.
Not all of the South African production is of the Turkish type.

Exports to United States.

	1913	1914	1915	1916	1917	1918	1919	1920
	Pounds.	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*
Bulgaria	243	29,243	24,074	....	....	....	4,675,798	....
Greece	1,408,050	1,750,623	1,580,735	8,566,219	6,700,925	17,496,045	20,702,632	13,143,6[illegible]
Russia	39,520	44,302	3,791	....	....	366,957	864,797	....
Macedonia	10,816,048	8,502,742	5,950,915	19,890	10,051	....	3,094,792	3,811,0[illegible]
China	....	962	3	2,080	2,947,026	6,003,309	5,000,436	....
Asia Minor	18,955,295	15,616,543	6,714,654	....	18,450	23,880	11,878,239	22,077,9[illegible]
Egypt	72,735	5,437	....	21,775	26,880	19,895	109,935	....

[1] The $8.43 internal revenue per thousand cigarettes shown for England represents duty on 3.75 pounds tobacco necessary to make 1,000 cigarettes. (There is no internal revenue in England.)

[2] No tobacco is grown in England, therefore all taxes on tobacco are collected at the customhouse at the rate of 9s. ½d. ($2.25, normal exchange) per pound of tobacco containing less than 10 per cent moisture (Class A), and 8s. 2d. ($1.96, normal exchange) per pound of tobacco containing 10 per cent or more moisture (Class B).

FREIGHTS TO NEW YORK (LEAF TOBACCO).

California points to New York, by railroad, 3,542 miles, $61.70 per ton, car lots.

Black Sea or Aegean Sea ports to New York, by steamship, 5,072 miles, $22–$27 per ton.

San Francisco to New York by rail, American-grown tobacco, $61.70 per ton.

San Francisco to New York, same railroad, imported tobacco, $50 per ton.

Compensatory duties.

Types and standard packages sold in United States.	Leaf tobacco ($1 per pound).	Cigarettes ($5.35 per pound).
"Turkish" cigarettes:	*Equivalent.*	*Equivalent.*
Packages of 10 cigarettes	$0.030	$0.160
Packages of 20 cigarettes	.060	.321
"Blended" cigarettes:		
Packages of 20 cigarettes	.005	.267
Packages of 15 cigarettes	.003	.200
Packages of 10 cigarettes	.002	.133

The duty on cigarettes is $4.50 per pound plus 25 per cent ad valorem. For the years 1919 and 1920 this amounted to $5.35 per pound.

PROTECTIVE TARIFF AND THE MANUFACTURERS.

The Fordney rate for the protection of the homegrown tobacco is $1 per pound. The tariff on manufactured tobacco is $4.50 per pound plus 25 per cent ad valorem. The combination of the two rates on manufactured tobacco gives the ad valorem equivalent of 125.84 per cent, or the specific equivalent of $5.35 per pound.

It is safe to assume that the manufacturers believe in the protective principle as applied to their product.

If they have lodged any vigorous protest against Congress protecting them to the extent of 125.84 per cent ad valorem, or $5.35 per pound, the records fail to disclose it.

The following tables, based on statistics from the Bureau of Foreign and Domestic Commerce and the Commissioner of Internal Revenue, show the practical extent of this protection:

Consumption, exports, and imports of cigarettes.

Year.	Consumed in United States.	Exported from United States.	Imported to United States.
1912	11[illegible]03	1[illegible]00	5,794,600
1913	14[illegible]71	1[illegible]00	14,375,100
1914	16[illegible]16	[illegible]00	20,124,300
1915	16[illegible]73	[illegible]00	16,209,000
1916	21[illegible]78	[illegible]00	11,137,200
1917	30[illegible]38	[illegible]00	5,144,100
1918	36[illegible]04	12[illegible]00	1,157,700
1919	35[illegible]10	16[illegible]00	16,322,800
1920	50[illegible]89	15[illegible]00	4,232,600

CLIMATIC AND SOIL REQUIREMENTS.

"Soil most favorable for the cultivation of tobacco (Turkish type) should contain clay and lime, and must be stony and airy. * * * The land is dry with the necessary warm climate for the tobacco to mature properly. There would be even danger that the sun would dry up the plants if the sea breeze did not freshen them up sufficiently. The best tobaccos are harvested on the slopes with southern exposure. Flat lands, rich in nitrogen, which are suitable for the cultivation of cereals, are not suitable for the cultivation of tobacco."—(From Les Annales Franco-Helleniques, compiled by the Bureau of Foreign and Domestic Commerce.)

The foothills surrounding the great Sacramento Valley and the slopes of the Coast Range Mountains bordering the Pacific Ocean contain several hundred thousand acres of land unsurpassed for the production of this leaf. Most of these lands are idle; some are utilized for grazing. Even if these soils were suitable for the production of other crops—which they are not—there would still remain the problem of irrigation. The conditions that make these lands desirable for tobacco culture are such that render them worthless for the production of other crops.

In the tobacco sections of California conditions of rainfall, humidity, temperature, and the absence of excessive variations in temperature between night and day are well adapted for this industry. This has been proved by the quality of the tobacco produced during the past 16 years.

Climatic data for Turkish-tobacco producing districts of the Levant.

RAINFALL, INCHES.

District.	Annual.	May.	June.	July.	Aug.	Sept.
Samsoun	26.0	1.9	0.8	0.8	1.5	[illegible]
Smyrna	25.7	1.3	.5	.2	.1	.9
Cavalla	25.6	2.0	1.7	.7	2.0	1.3
Saloniki	17.0	1.7	1.9	.8	1.0	1.1

MEAN RELATIVE HUMIDITY, PER CENT.

District.	Annual.	May.	June.	July.	Aug.	Sept.
Samsoun	71	75	78	71	67	67
Smyrna	63	60	57	52	57	[illegible]
Cavalla	81	81	79	75	75	[illegible]
Saloniki	69	60	57	51	52	[illegible]

MEAN TEMPERATURE.

District.	Annual.	May.	June.	July.	Aug.	Sept.
	° F.	° F.	° F.	° F.	° F.	° F.
Samsoun	58	57	66	73	74	[illegible]
Smyrna	63	69	75	81	80	[illegible]
Cavalla	60	68	74	78	79	[illegible]
Saloniki	61	69	76	81	79	[illegible]

Production in California.

Year	Pounds.	Year	Pounds.
1906	500	1914	245,000
1907	9,500	1915	500,000
1908	30,000	1916	800,000
1909	37,000	1917	498,000
1910	300,000	1918	870,000
1911	490,000	1919	1,525,000
1912	250,000	1920	700,000
1913	215,000	1921	48,000

The fall in production since 1919 is due to the fact that the 1919 and 1920 crops are not sold and can not be sold for anything over 50 per cent of the actual cost of production.

From the beginning the industry has been a marked success as, given the proper soil, climate, and location, "the growing of tobacco is a common-sense proposition with no mystery of any sort attached * * *. The growing of tobacco in California is well on its way. In fact, it may now be regarded as an established industry * * *. The types that have been attended with greatest success are such types as are suitable for cigarette manufacture." (From a pamphlet issued in 1910 by the Exeter tobacco ranch, operated by the American Tobacco Co.)

METHOD OF PRODUCTION.

The production of Turkish-type tobacco requires the maximum of hand work, and barring the shade-grown wrapper tobacco, it is the most expensive

Method of production in California follows closely that in use in the countries of the Levant, with few improvements. For instance, tractors are used in plowing and disking the larger fields. Fermentation is accomplished in specially constructed rooms where temperature and humidity can be controlled as against the Levantine method of fermenting in "wells" dug in the ground. Winter cover crops are planted to maintain the necessary elements of the soil. Early in the spring the land is plowed and the cover crop put under. The field is then left to "take" the spring rains. The seed beds are prepared and the seed plants grown under glass. About the middle of April the field is disked and cultivated and the plants transplanted in the field. Hoeing and five to eight cultivations are given during the growing period. If pests appear, insecticides are applied. About the 1st of June breaking of sand leaves is in order. Then follows priming of leaves. Every morning before sunrise experienced men go through the field and gather the ripe leaves. As leaves ripen from the bottom of the stalk upward, the period of harvesting the ripe leaves extends over a period of 28 to 40 days, depending on the season and other local conditions. Each morning the ripe leaves are brought from the field to the "barn" and strung on cotton strings of about 6 feet long by piercing the butt of each leaf with a long needle resembling a spear. Care is taken to see that each string carries only tobacco of the same quality. On the string all leaves face in the same direction.

They are then given a preliminary sweating in specially constructed rooms where humidity and temperature can be controlled at will. This operation usually requires about 24 hours. The strings, resembling garlands, are then stretched on bamboo poles of the same length and the poles placed on horizontal racks in the open, allowing the leaves to hang down and be cured by the rays of the sun. Depending on the season, all curing is usually finished by the latter part of August. The garlands are then hung in the barn until the rainy or damp season in winter. When the air is sufficiently humid to make the leaves soft and pliable, they are taken down and put through the process of fermentation in specially constructed rooms. After fermentation the strings are carefully worked over and all unsound or otherwise undesirable leaves plucked from the strings. The strings are then classified according to quality and size of the leaf. When the tobacco is at a point containing the proper amount of moisture it is then placed in uniform rows in specially constructed collapsible box forms which are made to produce bales of the desired size. The full boxes are then placed under specially constructed baling machines and the tobacco subjected to pressure, compressing it to the size of the finished bales desired. The tobacco, which is now a compact mass with stems forming the two outer falls, is removed from the collapsible form and sewn in burlap. It is now ready for shipment to the manufacturers. The period from seed to shipment is about 13 months.

Experience has proved that saving of expenses can be effected by establishing centrally located plants in each district and relieve the individual farmer of all work by taking the tobacco after the completion of sun curing on the farms. This plan has also resulted in better standardization and impartial grading of the crops. It has resulted in more expert fermentation by making it possible to install special equipment and carry the work under the supervision of experts. The central plant also serves as the marketing center of the district. It is the plan of the Associated Tobacco Growers of California to conduct these central plants for the growers on the cooperative principle.

Cost of production in California.

[Based on unit of 20 acres.]

Labor:	
Plowing 20 acres	$35.00
Preparing seed bed	30.00
Sowing seed bed	3.00
Caring for seed bed	42.00
Disking field	35.00
Cultivating field	28.00
Transplanting	117.00
Hoeing plants	36.00
Eight cultivations	112.00
Two applications of insecticide	48.00

Labor—Continued.		
Breaking sand leaves		$12.00
Topping		16.00
Suckering twice		32.00
Gathering ripe leaves		60.00
Stringing		400.00
Hanging strings on frames and sweating		18.00
Sweating and taking to sun sheds		112.00
Attending to sun cure		48.00
Hanging in barn		12.00
Preparation for fermentation		12.00
Fermentation		360.00
Grading and sorting		50.00
Loading and hauling to station		20.00
Pulling and burning old stalks		18.00
Application of fertilizer		32.00
Supervision		1,500.00
Total for labor		3,358.00
Supplies:		
Fertilizer		2,535.60
Cover crop		9.40
Insecticide material and bran		35.76
Fuel for curing and sweating		35.00
Twine for stringing and bales		41.50
Burlap for bales		96.00
Upkeep on two horses	$290.40	
Less work paid for in labor cost items	117.00	
		173.40
Nails		3.00
Spears		2.50
Incidentals		15.00
Total for supplies		2,946.16
Depreciation:		
Building ($3,000, at 10 per cent)		300.00
Equipment ($1,265, at 15 per cent)		189.75
Total for depreciation		489.75
Insurance:		
Building ($3,000, at $1.75, 3-year plan)		35.00
Horses ($300, at $0.875)		2.62
Implements ($860, at $1.375)		11.82
Crop in barn seven months ($12,000, at $1.125)		135.00
Crop in railroad transit two months, at one-quarter per cent		30.00
Total for insurance		214.44
Interest:		
Land ($6,000, at 7 per cent)		420.00
Building and equipment ($4,265, interest charged on 55 per cent of total)		164.20
Investment in supplies ($2,946.16 for six months)		103.12
Outlay for wages ($2,378 for four months)		55.49
On insurance premiums for building		4.90
Total for interest		747.89
Taxes		153.00
Freight, 3 tons at $61.70 per ton		185.10

Permanent investment for 20 acres:

Land, 20 acres	$6,000.00
Buildings (curing barn and heating plant)	3,000.00
Two horses	300.00
Agricultural implements	350.00
Cold frames for seed beds	50.00
Baling machine	125.00
Bamboo poles (6,000)	240.00
Thermometers, seed separator, etc	37.00
Canvas shades	60.00
Lumber for seed beds	30.00
Harness	48.00
Leaf baskets (50)	25.00
Total for permanent investment	10,265.00

Cost of producing 1 pound of Turkish-type tobacco on a 20-acre farm producing 6,000 pounds.

[Average for seven years ending 1919.]

	Cost.	Per pound.
Labor	$3,358.00	$0.56
Supplies	2,946.16	.48
Depreciation	489.75	.08
Insurance	214.44	.04
Interest	747.69	.12
Taxes	153.00	.02
Freight	185.10	.03
Total production cost	8,094.14	1.34

COST OF PRODUCTION IN MACEDONIA AND THRACE.

The cost of production in Macedonia and Thrace averages $0.52 per pound. This is for the war and postwar period and is higher than the prewar cost of production. (U. S. consular report.)

"Wages paid to-day to the Turkish tobacco worker, while low compared to those paid in European and other countries, are on the whole sufficient to meet his needs." (Consular report by Consul Pinkney Tuck, jr., at Samsoun, Turkey.)

THE EXCHANGE.

Tariff on tobacco being specific per pound, the tobacco growers of the United States will get no relief from the American-valuation clause in the present tariff. How this affects the home product will be seen from the following table of values of currency of the countries now selling us tobacco.

	Turkish pound.	Greek drachma.	Bulgarian leu.	Russian ruble.
Normal exchange	$4.40	$0.193	$0.19	$0.514
Present exchange	.80	.054	.009	....

"Lately the import of tobacco in the United States has increased due to the fact that the comparative high value of the dollar makes America the best market for near eastern growers." (Near East American, p. 8, issue of July 25, 1921.)

MARKETING CONDITIONS—CONTROL ABROAD.

Since December 8, 1881, the tobacco industry in Turkey has been controlled by a monopoly known as the "Regie Co-Interesses des Tabacs de L'Empire Ottoman." The monopoly is controlled by French capital operating by the consent and under the protection of the Government.

"The Regie has the right to define the areas which can be used for tobacco cultivation, the acreage, and where such cultivation is permitted by its license, the crop remains under the absolute control of the Regie until its maturity. A price for its purchase by the Regie is then fixed. If the grower is dissatisfied with this price, and it is generally quite low, he has then the option of exporting his crop through the warehouse organization of the monopoly administration and under payment of various taxes. This regulation of tobacco is strictly enforced by police supervision and offenders are subject to heavy fines." (Official report to United States Department of Commerce, dated Apr. 30, 1921.)

Imports of leaf tobacco into the territory controlled by the monopoly is prohibited. The monopoly collects a heavy duty or tax on all imports of tobacco manufacture in addition to the regular Government tariff. By imposing heavy taxes on imports the Regie has a practical monopoly of the market for its own products.

EXPORT TAXES.

The export tax on leaf tobacco is 5 piaster per kilo, 10 per cent ad valorem crop tax to the government. (Piaster, normal value, $0.044; piaster, present value, $0.008. Kilo=2.2 pounds.)

PARTITION OF TURKISH EMPIRE AND EFFECT ON EXPORT TAXES.

In recent years large sections of the Turkish Empire have passed to other countries. The following tobacco-growing districts have been taken from Turkish control: Sections of Caucasus to Russia; Thrace, Macedonia, Aegean Islands, and Smyrna to Greece; island of Cyprus to Great Britain; west Thrace (part) to Bulgaria; west Thrace (part) to Greece; Syria under French mandate; Palestine under British mandate; Cilicia under French control; upper Armenia to Armenian Republic.

Tobacco export taxes in these districts have been repealed, with the exception of west Thrace, pending the settlement of a territorial controversy between Greece, Turkey, and Bulgaria. The present export taxes in west Thrace vary from 100 to 400 leu per quintal, according to the variety of tobacco, and in addition to this 5 leu for each bale as a statistical duty, besides several small fees. (Normal value of leu $0.193; present value of leu, $0.009. Quintal=220.46 pounds.) (From a report by His Excellency Van Walderon Baron Rongers, at Constantinople. Submitted to United States Department of Commerce by the American chargé d'affaires at Berne.)

In 1918 the Greek Government repealed tobacco export taxes amounting to 17½ cents per pound plus 8 per cent ad valorem, which had been passed as a war measure. This was applied to all exports from Greece proper, Macedonia, and the Aegean Islands. Most of our present imports are from these districts. The export tax now in force is 1 per cent ad valorem levied on all exports. (Kelley's Tariff Manual of 1921.)

The Samsoun district of Asia Minor is the only tobacco-producing section of importance now remaining under the monopoly. Since the armistice, however, there has been little, if any, exports from this section, due to the suspension of relations with the Kemalist Government, which is not recognized by the powers.

POLITICAL CONDITIONS AND THE CONTROL OF SUPPLY.

The unusual political and consequent economic conditions prevailing throughout the countries of the Near East have made it possible for a few large purchasing organizations to exercise a practical control over the tobacco available for export. The exports to the United States are controlled by the five reconstructed fragments of the former Tobacco Trust, convicted and dissolved in 1911 by the United States Supreme Court. As a means of promoting competition in the tobacco industry the benefits of the dissolution order have been theoretical. This was predicted by Mr. Justice Harlan, who delivered the dissenting opinion on May 29, 1911:

"I confess my inability to find, in the history of this combination, anything to justify the wish that a new condition should be 'recreated' out of the mischievous elements that compose the present combination, which, together with its component parts, have, without ceasing, pursued the vicious methods pointed out by the court."

Moreover, through the entente cordiale existing between the combine and the veral important European manufacturers, competition in the purchase of the af has been eliminated.

In dealing with the natives, commercial bribery and the interference of corpt Government officials in behalf of the buyers are established institutions.

"There is no very definite time fixed for the purchases made by the richer llagers or brokers. The financial situation of the cultivator and the state of s tobacco regulates the time of such purchases. Nor do any fixed prices exist. he grower, should he owe money, is usually forced to accept the price offered these two classes of buyers. Thus, tobacco which might fetch the price of 80 nts a pound is often sold at from 60 to 70 cents a pound. This is a result of e fact that the cultivator is frequently in debt to the richer villager or broker d also in need of money. Growers often remain owing large sums on their ops, as the rate of interest demanded is very high, varying from 10 to 25 per nt, with an understanding on the cultivator's part that he will sell the richer llager or broker his crop at a lower price than that demanded, or that he will pay them at an average rate of 5 to 10 cents per 'batman' (1 batman equals 52 pounds) when selling to a third party. * * * The village notables play very considerable part as intermediaries during selling time, and the buyers equently have recourse to their kind offices in endeavoring to secure a reducn of the prices asked by the growers. As a result these notables often benefit a substantial increase on the sale of their own crops. * * * Irrespective the pecuniary advances which the Regie Co. agents are in the habit of aking to cultivators, the brokers and commission agents advance funds also. he interest on the advances made by brokers and commission agents is 12 per nt (maximum). Even then, as a result of stipulated conditions between the nder and the borrowers, the rate of interest is usually increased and frently places the cultivator at the mercy of the buyer. Thus the grower, dete his apparently large benefits, is often barely able to sell his tobacco at en a small profit." (Official report to United States Department of Comerce.)

MARKETING CONDITIONS AT HOME.

Prior to the war there were a few independent importers of Turkish-type bacco in New York supplying the smaller manufacturers engaged in the aking of high-grade cigarettes for clubs and private monogramed orders exsively. Due to unusual conditions fostered by the war, both the independt importers and the small manufacturers gained some ground and strengthed their positions. The combine took careful note of this, and at the first portunity following the armistice proceeded to eliminate all importations independents. The plan has been entirely successful. It is a matter of mmon knowledge in the trade circles that the combination now offers more r tobacco at the point of production than it does in New York.

Purchases in New York are made only when it is offered at a price below the re value brought about by forced liquidations by the banks, which in rn have been brought about by the stagnation of the market artificially creed by the combination.

This condition, together with the exchange situation, has forced the prices tobacco, delivered in New York, to about 40 per cent below prewar prices. many instances the sale price is below actual cost of production.

The result of this new policy of eliminating the independent importer has n reflected in the market of the Levant.

"Information just received in this bureau is to the effect that the tobacco isis in Greece is a serious one. Thousands of okes, representing the producn of 1918, 1919, and 1920, remain unsold, and unless the Government sucds in working out its plan of exchanging tobacco for the products of other untries, the industry, which has been one of the most lucrative in the couny will be almost entirely ruined. The production of tobacco in old Greece d the Aegean Islands amounted to 15,270,000 okes (an oke equals 2.8 unds) in 1919 and 14,105,000 okes in 1920, making a total of 29,375,000 okes. the end of 1919 the amount which remained unsold, either in the hands of ducers or merchants or lying on consignment abroad, amounted to 18,478,000 es. This last figure includes the unsold tobacco of the 1918 crop. Of the 20 crop, 11,668,000 okes remain unsold. These figures do not include Macenian tobacco, very little of which remains unsold." (From unofficial report United States Bureau of Foreign and Domestic Commerce.)

In this connection it should be mentioned that it has long been the pol-
of these manufacturers to play one district against another to force a stag-
tion and consequent slump in prices in any district.

Following the armistice and the importance gained by the Greek premi-
M. Venizelos, in the allied councils, a spirit of liberalism swept through th-
Greek people. Labor unions were formed, and the farmers insisted on re-
ceiving fair returns for their products.

To crush this movement, in so far as it affected prices of tobacco, these ma-
factures shifted their purchases to other countries. The condition cited in th-
letter is the direct result of this policy.

THE RELATIVE IMPORTANCE OF TURKISH-TYPE TOBACCO TO THE CIGARETTE INDUSTRY

The consumption of cigarettes in the United States has constantly increase-
from 408,708,366 in 1880 to 50,448,541,589 in 1920.

The consumption for the first five months of 1921 is 21,448,403,105, which i-
a net gain of 6 per cent over the corresponding period in 1920. These figures d-
not include exports.

Statistics for 1919 show that over 95 per cent of our consumption is man-
factured by the combination.

Over 85 per cent of our total consumption is represented by the so-cal-
blended cigarettes made of the domestic burley or Virginia tobacco with a smal-
percentage of Turkish type for aroma and flavor.

All of the blended cigarettes are manufactured by the combination.

It is reasonable to expect that the independent manufacturers, strugg-
among themselves for their share of the 5 per cent left by the combination, w-
manufacture the type of cigarettes enjoying the greatest demand if they co-

The explanation is found in the fact that the small manufacturer is for-
to make his purchase of the imported leaf in New York, as the volume of h-
purchases would not justify his engaging in direct importation.

Purchase in New York always placed him in decided disadvantage as t-
price.

This has contributed toward keeping the small manufacturers chronical-
small.

The larger manufacturers must necessarily make their purchases in th-
Levant. There the combination is prepared to accept battle in its carefu-
prepared positions and choose its own weapon, as in the countries of the Ne-
East there is no Federal Trade Commission, no Clayton Act, and no Sherm-
law to make the battle irksome or prolong it beyond the point of being in-
esting.

It will be seen that the importance of Turkish-type tobacco to the cigarett-
industry is not measured by the relative volume in use.

The manufacturers oppose the tariff on Turkish-type leaf tobacco not becau-
it materially increases the cost of the leaf to them. It has been demonstrat-
in previous paragraphs that the repeal of export taxes and the exchange sit-
tion absorb the tariff increase of 65 cents per pound. Rather, the opposition i-
inspired, because a tariff which approximates the equalization of costs her-
and abroad encourages the domestic production and this in turn fosters co-
petition in the manufacturing field.

The development of the domestic wrapper-leaf industry brought about -
large number of independent cigar manufacturers. Prior to the developme-
of the home supply, the large manufacturers controlled the cigar industry -
virtue of their access to the foreign supply controlled by the Dutch combine.

TARIFFS, TAXES, AND THE SMALL MANUFACTURER.

The statement that increased Government taxes on the tobacco industry ha-
operated against the small manufacturer does not hold. Taxes are lev-
equally on all manufacturers.

The argument that capital necessary for the payment of taxes places a heav-
burden on the small manufacturer of limited capital also fails to be convinci-
because the capital necessary for the payment of taxes is in direct ratio to th-
output of each manufacturer.

WHAT HAS DISCOURAGED THE SMALL MANUFACTURER.

The small manufacturers are forced out of the industry because the princi-
arteries of the system of distribution are controlled by the large manufacturers

'rior to the dissolution of the Tobacco Trust competition was eliminated ough the control of manufacture. The method of eliminating competition ough control of the channels of distribution is of recent development and he real cause of the retirement of the small manufacturers from the field.

METHOD OF DISPOSING OF THE CALIFORNIA CROP.

'rom 1906 to 1912 the manufacturers sent their agents to California and de purchases at the various centers of production. This proved unsatisfac- y to the growers because the manufacturers applied the same methods of iling with the farmer as they had practiced in their dealings with the mers of the Near East.

'rior to 1912 tobacco was largely grown as a side crop on the farms, and this reason the growers did not know what their crop of tobacco cost them. t when it became generally known that tobacco required land of a type not ted to other crops, the industry was taken up by farmers of the "substantial" e in various parts of the State, and in many cases it was the only crop of farmer. This class of farmers knew how to keep books and knew what it t them to raise their tobacco crop.

t was by this type of farmers that cooperative marketing was first resorted as a measure of defense.

The present method of marketing is along the lines followed by other co- rative associations marketing farm products.

The crops of the farmers are shipped to New York in car lots and negotia- ns for the sale are conducted by a representative of the association. All ling expenses are levied on the growers pro rata to the quantity owned d the respective amounts deducted from the proceeds of the sale. Each wer is presented with a certified accounting.

So sales have been made since and including the crop of 1919.

POSSIBILITY OF EXPANSION.

Compared with other products of California, the returns from the tobacco p have been small. Yet the interest manifested in this crop and the demand the adequate protection of this industry far exceed its present monetary portance.

The governor of the State, the State department of agriculture, newspapers, mmercial, civic, and farmer's organizations have gone on record that this lustry be given the necessary protection and a fair opportunity to expand.

The chambers of commerce of 25 counties are on record for the protection of s industry because of its peculiar value to the State.

[From an editorial in the Sacramento Bee, May 31, 1921.]

"* * * A just amount of protection, however, determinable by Congress, uld give the industry a chance to grow, as there are hundreds of thousands acres in California suitable for tobacco culture. * * * Unlike most other ps, Turkish tobacco does not demand the rich lowlands for its culture. thrives best on the hillsides that fringe the Sacramento Valley and the smaller leys. * * * Such a crop as this, for the annual importation is worth ,000,000, would be a valuable addition in large acreage to California's ducts. California should lend her efforts to securing a just tariff rate which ll equalize the difference in cost between labor in foreign countries and in s country."

The land available for the culture of tobacco is far in excess of the acreage essary for the production of the entire present domestic consumption of this acco.

Within seven years California's annual production will equal our present ual imports.

The development of the domestic wrapper-leaf industry brought about the reased consumption of that leaf, while the imports also increased. The pro- tive tariff on Turkish-type tobacco will show the same results.

The Turkish-type tobacco industry has been developed in California under a dicap of comparative production cost here and abroad that might have ved discouraging were it not for the fact that this crop is peculiarly uable to the State.

First. It requires land that is now largely idle and of no value for the pro- ction of other crops. In certain sections, specially along the Coast Range,

most of the land available is of this type, and agricultural development in th sections does not at all compare with development in other sections of the Sta The extension of the tobacco industry will mean much to these sections a give them a "money crop."

Second. The culture of this tobacco requires all-year-round labor. The pe of labor demand comes at a period when other crops require a minimum of lab It furnishes employment in the winter months.

Only real dirt farmers understand what it means to employ seasonal lab and that at a time when all other crops require that same seasonal labor that same period.

Third. Tobacco is an annual plant. Unlike fruit crops, which form the bu of California's production, it requires no heavy initial investment, nor is necessary for the farmers to wait three to eight years to harvest a crop.

Fourth. All-year employment makes for permanent residents and increases t economic and social value of these residents. The comparatively small inve ment necessary and the quick returns from the culture of tobacco promot good citizenship by providing opportunity whereby the sober, industrious fa hand of to-day invests the earnings of his all-year employment and becom the farm owner of to-morrow.

The ownership of a piece of land is the antidote for the various "isms" social and economic nonsense.

All of these benefits have been demonstrated during the 16 years of toba culture in California.

California needs this crop and is eager to extend the industry. An adequ protective tariff will remove the only obstacle to expansion.

REPLY TO STATEMENT OF CHARLES DUSHKIND, REPRESENTING THE TOBAC MERCHANTS' ASSOCIATION.[1]

The Associated Tobacco Growers of California beg to submit to your honora committee the following answer to the "memorial" submitted by the Toba Merchants' Association:

The tobacco merchants' memorial cites the $40,000,000 drop in revenue fr tobacco in the last fiscal year.

The cigarette branch of the tobacco industry has shown great increase both production and in internal-revenue tax returns to the Treasury. The drop internal revenue has nothing to do with cigarettes, which from 1917 to date, period of heaviest taxation on cigarettes, has shown phenomenal increase consumption.

The report referred to by the memorial is beyond the point. British ta on tobacco were increased as a part of extreme war-revenue measures reso to by the British Government. The normal tobacco taxes in England ha always been and are now nearly 100 per cent higher than they are in United States, in spite of the fact that Great Britain has no tobacco-grow industry to protect.

The memorial compares the present United States production of Turkish-t tobacco with the magnitude of the cigarette industry.

We seek protection not to protect our present production but to enable u continue and expand the industry to the full extent of the home demand this product. If the manufacturers or anyone else can show the way to lar production without protection we shall be happy to examine the method s gested.

Did wrapper-leaf protection follow large production, or did dignity of p duction follow adequate protection. If production can be expanded or industry maintained, even at its present status, without protection where t is the need of protection.

But the manufacturers reject their own theory when applied to their prod They enjoy tariff protection of $16.05 per thousand cigarettes as against $3 p tection asked by the farmers on the leaf necessary to produce 1,000 cigar of the "all-Turkish" type and only a small fraction of that on the "blend type. The protection given us by the House committee amounts to $0.006 package of 20 blended cigarettes.

The manufacturers' protection on that same package is $0.267. In ot words, they are protected to the extent of $0.267, but when the producers

[1] See p. 2499.

the raw material are given a compensatory protection of $0.005 they are no longer willing to be counted among protectionists.

The memorial compares our production with the production of tobacco in our Southern States. These tobaccos have no place in the discussion of tariff on Turkish-type tobacco. They are not involved. If the blending of Turkish-type tobacco is essential in the manufacture of southern tobaccos, as the manufacturers claim, American farmers claim their right, as against foreign farmers, to supply that tobacco. The greatest need of the tobacco farmers of the South is open and competitive markets in which to sell their tobacco. The home production of Turkish-type tobacco will foster competition in manufacturing, and to that extent the southern farmers will be benefited.

THE EFFECT OF THE FORDNEY RATE ON THE CIGARETTE INDUSTRY.

The memorial predicts dire consequences of the Fordney rate on the cigarette industry. But their contention can not stand in the light of cold facts. The manufacturers make no attempt to explain the consumer's prices here and in England, in spite of nearly 100 per cent differential in taxes in favor of the American consumer. If they mean that the protection needed by the American farmers will be a blow to their present control of the supply and thereby reduce their monopolistic profits, there is no cause for alarm; it would be very salutary.

In their discussion of foreign export taxes the manufacturers neglect to state the export taxes in the Samsoun and Smyrna districts of Asia Minor, where since the war there have been substantial reductions. Neither do they mention the fact that the post-war purchasing power of the dollar has automatically reduced the price of the foreign tobacco by at least 50 per cent.

RATIO OF IMPORTED TOBACCO USED IN BLENDED CIGARETTES.

The manufacturers claim their blends "secret" and "therefore no official data available." It is difficult for us to understand their unwillingness to put the facts before a committee of Congress. However, they claim the average "appears to be 23 per cent Turkish."

Applying their 23 per cent average to the two of the most popular and largest selling blended brands, namely, "Camel" and "Lucky Strike," we find that with their combined daily output of 120,000,000 cigarettes these two brands alone would require annually over 30,222,000 pounds of Turkish-type tobacco. With our average annual imports of this tobacco of 35,000,000 pounds it is not clear where and how the numerous other blended and "all Turkish" brands get their supply.

WHY HAVE NOT THE SOUTHERN FARMERS ASKED FOR THIS TARIFF?

The memorial calls attention to the fact that southern farmers, producing 1,000,000,000 pounds of tobacco annually, have not asked for higher duties on Turkish tobacco. This is as logical as to state that Maine potatoes have not requested protection for Jersey pottery.

Beyond the common name "tobacco" there is no similarity between the two types of tobacco in the consideration of classification and protection. There is vast difference in type, yield, and method of preparation and consequent cost of production. For purposes of protection the difference in the two tobaccos is even greater than that existing between clean wool and grease wool, common rice and hard rice, long-staple cotton and short-staple cotton, shelled almonds and unshelled almonds. This the manufacturers themselves admit.

VARIETIES OF TURKISH-TYPE TOBACCO.

The manufacturers state that Turkish-type tobacco is of many varieties and give a list of names. They also state that the "Pall Mall" brand contains about "42 varieties of tobacco."

The names given by the manufacturers are nothing more than names of small villages comprising the district of Samsoun. These villages have more or less uncertain production of tobacco. The manufacturers gather their tobacco from any number of villages they can. These villages use the same type seed, and distances between villages are so short that it would be impossible for any village to produce a distinct type due to natural cross-pollination.

During and since the war the production of the Samsoun district has fallen to 25 per cent of normal. Nearly all of the villages named by the manufacturers have produced no tobacco since the war. If the production of all of these villages is essential to the manufacturers' blends, as they state to the committee, the consumers of the various brands have been given no explanation, much less a rebate, due to a deterioration of quality.

The statement about the "42 varieties" of tobacco in the "Pall Mall" brand may do well for advertising purposes, but it has no place in the records of a committee of Congress.

VARIETIES PRODUCED IN THE UNITED STATES.

The United States consumption of Turkish tobacco is confined to the four main varieties of Samsoun, Cavala, Smyrna, and Island. All of these are produced here.

STATEMENT OF DR. GARNER, OF THE DEPARTMENT OF AGRICULTURE.

The memorial's reference to Dr. Garner's statement is misleading. At no time has Dr. Garner made any pretense of possessing any usable knowledge on Turkish-type tobacco. We have discussed the subject with him and know his attitude. His statement that "California tobacco is California tobacco and nothing else," is correct and is in keeping with the department's policy of referring to American wrapper tobacco as "Connecticut or Florida shade grown," while in trade circles it is referred to and bought as "American Sumatra." California tobacco is California tobacco just as "Macedonian" or "Greek" tobaccos are Macedonian or Greek tobaccos and nothing else. The manufacturers refer to all tobaccos coming from the Near East as "Turkish" irrespective of the country of production. In the Near Eastern countries, however, they are known as "Turkish tobacco," "Greek tobacco," "Balkan tobacco," or "Russian tobacco," according to the country of production. They are all of the Nicotinum rusticum type, and the manufacturers accept them all as "Turkish."

During the early days of the wrapper-leaf development in Connecticut Dr. Whitney, of the Bureau of Soils, invited two prominent cigar-leaf dealers to examine two bales of tobacco. After careful examination both of these experts pronounced the bales to be good imported Sumatra wrappers. Upon being informed that one of the bales was tobacco produced in Connecticut they became very enthusiastic and congratulated Dr. Whitney on the department's success. Yet one of these gentlemen has appeared before committees of the Senate and the House during every hearing of tariff on wrapper tobacco insisting always that the American wrapper is not a competing article with the imported wrapper.

American-grown Turkish tobacco has had the same experience. We have tried our tobaccos on the manufacturers, including Mr. Herbert, president of the Philip Morris Cigarette Co., and Mr. Dixon, of the Tobacco Products Corporation. As early as 1913 Mr. Keeney, of the Keeney Bros., and one of the keenest judges of tobacco, pronounced the American-grown Turkish-type tobacco "every bit as good as the imported." Yet during the hearings before your committee Mr. Dixon was present to repeat the old tariff chant of "not a competing article."

It is not long since Macedonia, the largest producer of Nicotinum rusticum, took up the industry, starting with seed taken from Asia Minor. Long before the Macedonian production "Turkish cigarettes" were famous. Yet most of the Turkish tobacco consumed in the United States is not Turkish tobacco; it is Macedonian tobacco.

In the British Cape Colony of South Africa the industry began a few years ago by the accidental dropping of a few Macedonian seeds in the garden of a farmer named Stella. The seed had been sent to him by a friend in Macedonia as a curiosity. They now have an established industry, with production increasing every year. The colonial government has established demonstration farms in several localities and is giving every assistance within its power, including preferential tariff.

In southern Italy the industry was initiated by the Government tobacco monopoly. A recent report of the Italian director of agriculture states that it is aimed to be independent of the Macedonian imports in a few years.

In Palestine the industry was recently begun at the instance of the Government. Sir Herbert Samuel, British high commissioner of Palestine, recently reported that the cultivation of Turkish-type tobacco is expected to ultimately make large contributions to the revenues of Palestine.

"EXPERIMENT" OF THE AMERICAN TOBACCO CO.

The manufacturers speak of their "experiments" in California. That they know nothing about the growing of this tobacco is evidenced by the location of their farm and the quality of its soil.

Their "experiment farm" was a 20-acre ground located on the eastern edge of the middle San Joaquin Valley, 2 miles southeast of Exeter, Tulare County. It was conducted by the American Tobacco Co., not to experiment with the growing of this tobacco but to develop some method of curing and packing which would reduce, if possible, the cost of production. But they knew nothing of the problems involved.

Nothing short of utter ignorance of the conditions necessary for the raising of this tobacco could have led them to their 20 acres. Had the manufacturers known the conditions necessary for the production of this tobacco and the great diversity of soil and climate within the 700-mile stretch of California, they could not have failed to observe that on the lower slopes of the Coast Range Mountains from Ukiah to San Diego there is sufficient diversity of climate and the most unexcelled conditions to produce the entire world's supply of every variety of this tobacco.

A scientific discussion of the problems of Turkish-tobacco growing is not within the proper scope of this statement. The quality of the various grades of the tobacco grown in California is our answer to the manufacturer. There is no problem of quality. Our efforts must now be directed toward larger production and standardization of grading and packing. This could not be done in the face of an unprofitable and uncertain market brought about by lack of protection.

CONSUMER AND THE "BLENDS."

The memorial quotes from Mr. Aram's statement before your committee: "I do not think the buying public can tell the difference between third-rate and first-rate Turkish tobacco," but it leaves out the last part of the sentence, "to say nothing about tobacco of the same quality." We will overlook the fact that this is not a fair method of quoting. But the manufacturers know that statement to be true. Had they believed otherwise they would have hesitated to substitute during the war Chinese and Korean grown Turkish seed tobacco for some of the "42 varieties" so essential to their "secret blends."

The memorial suggests that the American farmers producing this tobacco have their normal and natural opportunity with the various new brands. It is not clear to us why a new brand of any manufacturer should begin with the handicap of higher-priced raw material when the imported leaf can be had for less.

Under abnormal conditions any commodity may be forced on the market at prices below cost. But no industry can continue under such conditions made permanent by inadequate tariff.

CALIFORNIA PRODUCTION DATA.

The California production data given to the Ways and Means Committee was prepared within a short time in order that our brief might be included in the printed record. We had not anticipated such haste and did not have our papers with us. We consulted our Congressmen, and they advised that in the absence of correct data we must be very conservative and allow our opponents every benefit of doubt. The information submitted to your committee was prepared later and after careful checking of all production data.

However, if the manufacturers doubt our production data they can verify same by offering to purchase the crops of 1919, 1920, and 1921. The Associated Tobacco Growers will be happy to convince them by giving them physical possession of the tobacco.

The memorial attempts to question our production costs. It is not necessary for the manufacturers to consider our data. They have in their files com-

plete data covering their own production costs in California through a period of several years. Although their data covers the low-cost prewar period only, it will serve its purpose. Why not submit this data to the committee?

Our valuation of land is correct. Our statement before your committee is also correct, and one does not contradict the other, as the memorial suggests. Much of this tobacco and all of the best tobacco is grown on slopes where there are gullies, ravines, steep banks, and other area not practical to cultivate. The purchase price of a parcel of land must be charged against the productive area only.

The gentlemen who wrote the memorial know how it came about that in spite of the fact that the farmers lost money on the 1918 crop the production in 1919 almost doubled. The manufacturers wanted the 1918 crop but had no intention of paying a fair price for it. But they also wanted to insure that there would be a larger production in 1919, so that should the war continue there would be available to them as much of this tobacco as possible to make up their depleted stocks. Their method of accomplishing the two ends with one stroke was a masterpiece worthy of their peculiar genius.

When the 1918 crop was ready for them in January, 1919, they professed to be ready to pay good prices for it but that their organization was so arranged that they could not take delivery until summer. Meanwhile they encouraged the farmers to go on with larger production. When, in June and July, 1919, the farmers learned the prices offered for the 1918 crop, it was too late to curtail the 1919 crop, which was already being harvested.

The only farmers who covered their cost of production during the war were those who produced the large-leaf, lower-grade types, as the differential between costs here and abroad is less in the case of these types.

There is no good Turkish-type tobacco grown anywhere in the world producing 941 pounds per acre, as the memorial states, citing a telegram from the College of Agriculture. The yield is from 250 to 600 pounds of cured tobacco per acre, according to variety. The average yield is between 350 and 4[illegible] pounds. But, like the tobacco grown in the Southern States and other products of the soil, this tobacco is subject to all the climatic and insect pest hazards incident to agriculture. The visible yield per acre is not the deliverable yield. Like other industries, the farmers must distribute the average loss or damage to crop for a given period of years and arrive at the average deliverable yield for that same period.

There are a few farmers in California who produced the Virginia-type tobacco, which yields high. Finding Turkish-type growing unprofitable, they turned their attention to this type. But conditions in California are [illegible] favorable to this variety. There is also produced a special variety for the manufacture of chemicals and insecticides exclusively. This yields unusually high. Our association is interested in Turkish-type tobacco only.

The telegram from the agricultural college makes no distinction in types. Some of the letters and telegrams from California submitted by the manufacturers are also explained by this fact. There is no usable knowledge on Turkish tobacco in the agricultural college or any other State agency. These agencies advised us to abandon the industry because "it can not succeed unless [illegible] Tobacco Trust wishes it."

The value of our tobacco given by the agricultural college telegram is [illegible] liquid value of the commodity. The gentlemen who wrote the memorial [illegible] the gentlemen who set the liquid value of any tobacco in the United States and also in the Levant.

Our testimony before your committee was clear on this point. Mr. Aram [illegible] not and could not give the equivalent of periodic employment in terms [illegible] permanent employment.

AVERAGE VALUE OF THE IMPORTED LEAF.

The average value of the imported leaf is not 91 cents per pound, as [illegible] memorial states. The United States Tariff Commission has the official d[illegible] and it shows it to be about 50 cents per pound.

The differential in production cost of this tobacco here and in the Levant is no greater than that of a great many products of American factories [illegible] farms enjoying protection. Neither do the manufacturers make any attempt to prove that the benefits of the low cost of the imported leaf are passed to the consumer.

CAN THE CIGARETTE INDUSTRY "SURVIVE" THIS TARIFF?

It may be, as the memorial states, "perfectly apparent, even to a layman, at no manufacturer can afford to use tobacco costing about $2 per pound * * in cigarettes that he sells at $4.06 per thousand, and which take on the erage 3.75 pounds of tobacco, even though only 20 per cent of it is of the ported type." But the above is not at all clear to anyone knowing tobacco d the manufacture of cigarettes. The facts are:

(a) There are no blended cigarettes sold in the United States using imrted tobacco at the average cost of $1 per pound.

United States official figures show the average value of the imported toreo to be about 50 cents per pound. Moreover, the better grades of tobacco e used in the making of "all Turkish" cigarettes, and only the lower grades e utilized in the blended cigarettes.

(b) There are no blended cigarettes sold in the United States requiring 3.75 unds of tobacco per thousand cigarettes.

All blended cigarettes are made in the "small size," having a consumers' ight of 2.5 pounds of tobacco per thousand. Allowing for waste in manuturing process, these cigarettes require an average of 2.75 pounds and never re than 3 pounds of tobacco per thousand cigarettes.

The 3.75-pound average given by the memorial is the manufacturers' weight r thousand cigarettes of the "regular" size, which have a consumers' weight 3 pounds per thousand. Only the high-priced all Turkish cigarettes are made the regular size.

COMPARISON OF PRICES HERE AND IN ENGLAND.

The memorial states: "It is true that in this country some pure domestic garettes are sold as high as 10 for 10 cents, but it is equally true that we e also selling in this country blended cigarettes containing an average of over per cent of Turkish tobacco at 20 for 20 cents."

The point is not that pure domestic cigarettes sell here as high as 10 for 10 nts. The memorial makes no effort to explain how it is possible for the itish manufacturer to sell cigarettes at the same price to the consumer as at paid by the consumers here if it is true that prices here are reasonable. ere is about 100 per cent differential in taxes against the British manufacrer. aside from other extra expenses, such as ocean transportation, etc. It also worthy of note that the majority of cigarettes sold in England are sold her by the American manufacturers through their factories in England or by mpanies having close relations with or subsidiaries of the American comnies.

The 20-for-15-cents cigarettes referred to by the memorial and also held out the committee by Mr. Parker as a shining example of the manufacturers' ncern for the consumers' welfare are explained by the fact that these garettes do not constitute a lowering of cost to the consumer. They are cheap garettes, made of cheaper tobaccos, and sell for a cheaper price. They are for-15-cent cigarettes and nothing more. And we doubt the existence of a gle manufacturer who will deny this fact under oath.

The following facts are worthy of consideration:

All blended cigarettes sold in the United States are artificially flavored.

In England none of our blended cigarettes or the 20-for15-cents cigarettes uld be sold, because there is a law against artificial flavoring and adulteran of tobacco.

In the United States all domestic-tobacco cigarettes when artificially flavored l for less than the blended cigarettes. But all domestic-tobacco cigarettes t artificially flavored sell for the same price or more than the blended arettes.

If the memorial is correct as to the average value of the imported type at per pound and the blended cigarettes, containing on the average 20 per cent this tobacco, how is it that all domestic-tobacco cigarettes when not artially flavored must be sold for the same price or more than the blended arettes, considering that the average value of domestic tobacco is about 30 nts per pound?

In view of this fact we can not escape the logical conclusion that one or veral of the following must be true: The manufacturers are purposely putting pure domestic-tobacco cigarettes beyond the reach of the average smoker stimulate the sale of blended cigarettes artificially flavored, or the blended

cigarettes do not contain domestic tobaccos of a tolerable quality, or th is something about this apparently innocent practice of artificial flavori persisted in by the manufacturers that brings the cost of blended cigarette the same level or below the cost of the pure domestic-tobacco cigarettes.

When the full facts about this apparently innocent practice of artific flavoring are appreciated, it will be seen that it is the manufacturers' str and cruel weapon to defeat the law of supply and demand in purchasing th domestic tobaccos. And this weapon is used against the American farmer the expense of the American consumer.

ABOUT PRICES IN ENGLAND.

The memorial admits that the "Pall Mall" cigarettes sell for a shilling England and a quarter here. It neglects to comment on the "Philip Morri cigarettes. While in the case of "Melachrino" those sold in England it cl to be smaller in size.

Also, upon examination of the manufacturers' statement, we find that shilling is taken at par value in the sale price, but at current exchange computing British taxes on tobacco.

The memorial goes on with a general and vague statement about the Ameri cigarettes sold in England being smaller in size and different in qual They should be more definite: Are the "Pall Mall," "Melachrino," "Ph Morris," and all other American cigarettes sold in England in identical b and labels different in quantity (size of cigarette) and in quality? If s manufacturers are guilty of misrepresentation to the consumer.

We repeat that all American cigarettes manufactured in their factorie England and sold there sell for the same price or less than they are sold the United States. And in no instance are they sold at a price to equal the consumers' price here and in England, considering the nearly 100 per differential in taxes in favor of the American consumer, a difference by means accounted for by a possible lower cost of manufacture in Eng Also all cigarette prices in England are about the same as those charged for the same quality tobacco used.

As to difference in taxes here and in England, no further comment is ne sary. Your committee can, no doubt, get at the facts through the expert its command.

The memorial does not believe "that any American manufacturer is 'c sciously' selling his product in foreign countries at a lower rate of profit t in this country."

The following example shows the facts: The "Herbert Tareyton" blended cigarette enjoying large sales. Until a few weeks ago the retail p in the United States was 20 for 30 cents everywhere. Recently it has sold 20 for 25 cents at some stores.

Following is a comparison of prices and taxes here and in Canada on 1 cigarettes of this brand:

United States:			Canada:		
Retail price		$15.00	Retail price		$1
Internal revenue	$3.00		Internal revenue	$6.00	
Import duty	.21		Import duty	1.20	
Total taxes		3.21	Total taxes		
After taxes		11.79	After taxes		1

Differential against the American consumer, $1.49 per 1,000 cigarette about 3 cents per package. Can it be that the manufacturer of this bra not "conscious" of the facts?

CONCLUSION.

The arguments of the manufacturers against an adequate protection to industry are the arguments of a powerful group maintaining a practical mo oly of the tobacco industry. The entire history of this group shows that it always fought bitterly, and with no fine distinction in its choice of wea against any measure threatening its hold on the supply of raw material or market for the manufactured product.

The American farmers engaged in the production of tobacco refuse to be pressed with the power of this or any other selfish group so long as the C

on of the United States, guaranteeing her citizens equality of opportunity, living force.

'e rest our case with your honorable committee, confident that the sound accepted principle of protection to American industry will prevail.

ALFRED ARAM,
President Associated Tobacco Growers of California.

DR. M. O. WYATT,
President Northern California Turkish Tobacco Growers' Association.

TEMENT OF CHARLES DUSHKIND, NEW YORK CITY, REPRESENTING THE TOBACCO MERCHANTS' ASSOCIATION OF THE NITED STATES.

ie Tobacco Merchants' Association of the United States is a national organion, with a membership of more than 1,480, full paid and in good standing, the leading tobacco concerns in the United States, consisting of cigar, rette, and tobacco manufacturers, leaf-tobacco growers and dealers, wholetobacconists, tobacco importers and exporters, related trades, and supply es, files this memorial protesting against any proposed increase in the tariff on Turkish tobacco.

ie House bill now being considered would increase the rates on filler tobacco 35 cents per pound, the rate which has obtained since 1882, to 45 cents per d, unstemmed, and from 50 to 60 cents per pound, stemmed, with a new iso that filler tobacco "commonly used without removing the stem," as all ush tobacco is used, shall be treated as stemmed tobacco; that is, shall bear te of 60 cents per pound, and that "filler tobacco of the kind known as dish" shall bear a rate of $1 per pound. This protest is against any and all ease, and is in insistence that the present rate of 35 cents per pound on dish tobacco is adequate.

OSED INCREASE IS NOT INTENDED FOR REVENUE PURPOSES—ANY INCREASE WOULD BE UNWISE.

the outset, we assume, Congress having but recently passed a tax bill out adding to the heavy taxes already paid on cigarettes, that the proposed ease in the tariff on Turkish tobacco is not intended to produce additional nue, but rather to protect some tobacco-growing interest.

owever, if the tariffs referred to are intended to increase revenue, then we ectfully urge that the taxes on the tobacco industry have already reached "point of diminishing returns," as is evidenced by a $40,000,000 drop in nue from tobacco in the last fiscal year.

e understand that the Treasury Department's experts so advised the Comee on Finance when the new tax measure was under consideration.

this connection we cite the case of England, where, in 1920, the tariff on rs was raised to secure £500,000 additional revenue. One year later the cellor of the exchequer, in submitting the 1921 budget, made this significant ment:

Last year my budget proposal included an ad valorem surtax of 50 per on sparkling wines and cigars. * * *

have now to admit that I was wrong. * * * These duties have failed ly to answer my expectations, and as levied at their present rate they are munerative. There is nothing at first sight more reasonable and nothing universally popular than a luxury tax. But the trouble is * * * if put heavy taxation upon a luxury people cease to indulge in it, and you lose ue instead of gaining it. * * *

estimated that the total receipts would be £1,360,000. The actual receipts been only £325,000. It is clear that the surtax lowered revenue instead of ac it and has entirely failed to justify itself."

e £325,000 collected under the additional surtax was about £475,000 less than mount collected during the preceding year under the old tax rate.

e surtax was promptly repealed, but not until the industry had been practi- destroyed.

THE INTERESTS INVOLVED.

nifestly, if one industry is to be protected at the expense of another, it is reasonable that we get a fair appraisement of the benefit accruing to the one he damage done to the other. The interests involved are:

California interests that seek prohibitive tariffs.

Number of farmers raising tobacco	3
Number of acres under cultivation	3 0
Maximum production of tobacco in peak year pounds	1,500,0
Tobacco on hand do	2,200,0
Alleged value of annual crop at $1.50 per pound	$2,250,0
Profits looked for at 25 cents per pound	$375,0

NOTE.—The above are the maximum figures taken from Mr. Aram's testimo which figures we believe to be grossly exaggerated.

The American cigarette industry that seeks to be saved from a ruinous tari an essential raw material.

Domestic tobacco used annually in cigarettes[1] pounds	150,000,0
Value of annual consumption of domestic tobacco (150,000,000 pounds at 41.4 cents per pound 1919 prices)	$62,100,0
Tobacco on hand, 3 years' supply pounds	450,000,0
Value of tobacco on hand (at 41.4 cents per pound)	$183,300,0
Acreage needed for cigarette tobacco (at 676 pounds per acre)	221,8
Imported tobacco used annually pounds	40,000,0
Value (before duty payment) of imported tobacco used at 91 cents per pound	$36,400,0
Duties on annual importations of cigarette tobacco	$14,000,0
Internal-revenue taxes paid annually on cigarettes	$150,000,0
Annual volume of business (consumers' prices) over	$500,000,0

The additional duties sought to be imposed at the rate of $1 per pound wo amount to $26,000,000; and at the rate of 60 cents a pound would amoun $10,000,000, if we are to assume the continued importation of 40,000,000 pou of Turkish tobacco per annum under the increased rate.

To protect what Mr. Aram claims to be a possible industry with a poss income of $375,000 a year he seeks further to tax the cigarette industry to extent of $26,000,000 a year; that is, to add that amount to the $150,000 of internal-revenue tax, and $14,000,000 of customs duties that the industry yields.

The fact is, of course, that the cigarette industry could not pay these a tional duties; that there would be disorganization of the industry and that $150,000,000 of internal revenue now being collected would be reduced by amount greater than the proposed tariff would produce.

WAR-TIME GREEK EXPORT DUTIES WERE NO FACTORS IN AMERICAN IMPORTS.

It is not true that there have been burdens heretofore imposed on the expo tion of tobacco by the Grecian or Turkish Government, which have latterly b lifted, so that the American cigarette manufacturers are able to bear the hea duties proposed by the House bill. It is true that for awhile during the war Grecian Government imposed some export duties. These were imposed du the time when it was almost impossible on account of a lack of shipping fa ties to secure Turkish tobacco from Greece at all. They were impose the spring of 1917, and were repealed in the fall of 1918. They formed a of the price paid by American manufacturers for their tobacco brought in f Greece. They were included in the average bond value of the Grecian tob landed at the port of entry in this country—and yet the average bond valu all the tobacco landed in 1917, during a part of which the said export duty tained, was 45.8 cents per pound. In 1918 it was $1.01 per pound; whe in 1919, when there was no such duty, the average bond value of all the Tu and Grecian tobacco imported was $1.077 per pound, and in 1920 it aver 91.5 cents per pound. We are informed that when, in 1918, the Grecian Gov ment determined to repeal this small export duty, it refunded to the expo the amount theretofore collected.

[1] The whole cigarette industry is involved in this matter, because if the propos be adopted, the industry would be disorganized by the shifting of blends and entities. It is true that of the 150,000,000 pounds of domestic tobacco annually u cigarettes about 104,000,000 pounds are used in the Turkish blended cigarettes; a only such would be affected, these figures should be revised accordingly.

RATIO OF IMPORTED TOBACCO USED IN BLENDED CIGARETTES.

The blends of the various brands of cigarettes are necessarily secret formulæ of the respective manufacturers. Hence there is no official data available showing the percentage of imported tobacco used in the various brands of cigarettes.

An official report of the War Industries Board entitled "History of Prices during the War—Prices of Tobacco and Tobacco Products," contains (on p. 8) official figures of the production of the various types of cigarettes in 1917. This report divides the three general types of cigarettes approximately as follows:

	Per cent.
Pure Turkish	7
Turkish blends	71
Pure domestic	22

The growth of the Turkish-blend brands of cigarettes has been principally during the last 10 years. The war seriously interrupted importations. But before the war there had accumulated considerable stocks of Turkish tobacco in this country. In the year 1913, for example, there was an importation of 31,000,000 pounds of Turkish tobacco as against a total cigarette consumption of only 15,500,000,000. The importation of Turkish tobacco in 1919 was 46,000,000, and in 1920, 39,000,000 pounds. Taking all in all, with shipping unimpeded and with no accumulated stocks, it is fair to estimate the present rate of consumption of Turkish tobacco at 40,000,000 pounds.

Taking the percentages of the War Industries Board, based upon a questionnaire issued by the board, and applying these percentages to the 40,000,000 pounds, our estimate of the consumption of Turkish tobacco, it appears that the Turkish tobacco in the Turkish-blend cigarettes is approximately 23 per cent of the whole. Of course, some blends contain less than 23 per cent and others more, but the average appears to be 23 per cent.

MR. ARAM'S CONTENTIONS AND THE REAL FACTS IN THE CALIFORNIA TOBACCO-GROWING SITUATION.

The imported types of cigarette tobacco are essential to the production of at least 78 per cent of the cigarettes consumed in the United States.

The imported tobaccos have greatly stimulated the cigarette business and vastly enlarged the demand for domestic tobacco. While importations of cigarette types of tobacco have increased from about 14,000,000 pounds in 1911 to 46,000,000 pounds in 1919, an increase of but 32,000,000 pounds, the aggregate quantity of tobacco used for cigarettes has grown from approximately 38,000,000 pounds in 1911 to 198,000,000 pounds in 1919, or an increase of 160,000,000 pounds (the complete figures for 1920 not being yet available).

American farmers, other than Mr. Aram and his alleged California "association," fully appreciate the benefit of the imported tobaccos as a means of increasing the demand for their home-grown products. Not one of the 300,000 farmers producing annually over 1,000,000,000 pounds of tobacco (exclusive of cigar types) has demanded, asked for, or even suggested any higher duties on Turkish tobacco.

But Mr. Aram claims that the tobacco raised in California is Turkish tobacco. Assuming, though it isn't true, that the California tobacco is as good as some of the types of Turkish tobacco, what about the great variety of types that they can not produce?

Supposing that a Pennsylvania tobacco grower should find a suitable spot in England where he could raise the Pennsylvania type of fillers, and upon the strength of that demand a prohibitory duty, not alone on the Pennsylvania type of tobacco but on all of the 20 or more distinctive types of American tobacco, what would be the answer to such a demand?

Turkish tobaccos, like American tobaccos, are divided into a number of distinctive types and each type is again divided into various dstinctive grades. To make a satisfactory blend a variety of types and grades must be used. For example, the Pall Mall brand contains as many as 42 different types or grades of Turkish tobacco.

For an illustration of this point, we refer to the "Samsoun type" of tobacco and submit a list of the various classes or grades of tobacco raised under that one general type, to wit: Tsarchamba, Kavak, Amassia, Hadjikeuy, Khavza, Ladik, Madjideuzu, Merzifoun, Vizis Kupru, Alatsam, Baffra, Erbao, Karahissar,

Endress, Messoudie, Sinope, Guerze, Ayandik, Boyadad, Yeni Khan, Guruk Char Kichla, Tokat, Nixar, Zele, Unia, Therme, and Fatza.

Each of the above is a distinct grade of tobacco, although they belong to the same general type known as "Samsoun." Similarly, other general types that are imported into this country, such as Smyrna, Cavalla, Xanthy, Salonicas, Thessali, Agrinion, all have a variety of grades or classes.

California growers may be able to produce good tobacco. If so, it will be distinctly California tobacco, and no other type. As Dr. W. W. Garner, of the Department of Agriculture, who is concededly the best expert on tobacco growing in this country, has put it, "California tobacco is California tobacco and nothing else."

Dr. Garner's opinion is borne out by world-wide experience. Very rarely do countries, widely separated geographically, produce the same type of tobacco, although they may seem to superficial or even careful observers to be strikingly alike in their soil or climate. The fact is, as testified by those familiar with much of the territory where Turkish tobacco is grown, and the California territory, that there are marked or vital differences. California has an abundant yet an irregular rainfall, whereas the rainfall in the Orient is frequent and gentle, seasonal and reliable. California has quick changes and wide extremes in temperature, whereas in the Orient such is not the case.

The American Tobacco Co. in 1908, 1909, and 1910, experimented in California, and the Liggett & Myers Tobacco Co. having in 1911 acquired the San Francisco factory of the American Tobacco Co., continued to experiment for several years thereafter in an effort to produce some sort of substitute for Turkish tobacco. From Mr. Aram's statements, in 1909 the American Tobacco Co., or some local California representative of that company, by circular encouraged California landowners themselves to continue the work. But these experiments absolutely failed.

The tobacco business in all its branches illustrates and proves the fallacy of the contention that identity of seeds means identity of product. Tobacco grown in the Southern States, from the same seed and in the same territory, varies from 65 cents a pound to 16 cents a pound; American shade-grown wrappers, grown by the same company in Connecticut, bring twice as much per pound as those grown from the same seed and by the same method in Florida or Georgia. Yet Mr. Aram desires us to believe that he can bring seed over from the Orient and produce in California every type and every grade of tobacco grown in Greece or Turkey, and that, with tariff protection, they could be easily and readily substituted by cigarette manufacturers for Turkish tobacco.

Mr. Aram's point of view in this regard is shown by a sentence in his testimony before the Finance Committee:

"I do not think the buying public can tell the difference between third rate and first rate Turkish tobacco."

Apparently he builds his whole case upon this supposition, which requires no comment. Surely the cigarette manufacturers, who have developed a business of 50,000,000,000 cigarettes a year, must have learned that the consuming public can tell the difference or they would have put into their cigarettes nothing but domestic tobacco instead of using high-priced imported tobacco and paying a duty thereon besides.

The suggestion by Mr. Aram that large cigarette manufacturers have some sinister motive in not using California grown tobacco in substitution for Turkish tobacco is absurd. None of the cigarette manufacturers owns an acre of Turkish ground; none of them is enamored of doing business in Turkey; none of them has any interest other than the securing, without embarrassment and at fair cost to it, of raw material for its product. Most of the large manufacturers have well-established brands whose sales amount to billions of cigarettes annually. Some of the large manufacturers have experimented at some time with California tobacco, and none of them has found it satisfactory. None of them dare substitute it for the Turkish tobacco in any of their valuable and well-known brands.

California tobacco growers, if they have a product that is usable in cigarettes, have always their normal and natural opportunity to establish their tobacco with the numerous new brands being constantly gotten out by small manufacturers. In the last year or two they have had an unusual opportunity, if their tobacco had merit, because in the last year or two many of the strong, well-known tobacco manufacturers, such as The Bloch Bros. Tobacco Co., of Wheeling, W. Va.; Larus & Brother Co., of Richmond, Va.; John J. Bagley Co., of Detroit, Mich.; Scotten Dillon Co., of Detroit, Mich., have

ne into the cigarette business with ample capital, and with experienced acco men. Undoubtedly every one of them is making a blended cigarette. idoubtedly also they could have bought the 1919 and 1920 crop of Calirnia tobacco, which Mr. Aram says none of the large dealers would buy, substantially less than they had to pay for their Turkish tobacco. Why in't they in making new blends for their new cigarettes try the California acco?

UR REQUIREMENTS OF TURKISH TOBACCO AND THE PRODUCTION OF CALIFORNIA TOBACCO.

As against our average requirements of about 40,000,000 pounds of Turkish acco per annum, the largest crop, according to Mr. Aram's latest figures, ever duced in California, was that of 1919, which amounted to 1,525,000 pounds. rely 1,500,000 pounds can not meet a requirement of 40,000,000 pounds. But have reason to doubt Mr. Aram's figures. We rather believe that the figures it he submitted to the Committee on Ways and Means are less wide of the rk than those he now presents. Here are the two sets of figures:

	Mr. Aram's figures submitted to the Senate committee.	Mr. Aram's figures submitted to the House committee.		Mr. Aram's figures submitted to the Senate committee.	Mr. Aram's figures submitted to the House committee.
	Pounds.	*Pounds.*		*Pounds.*	*Pounds.*
	500	500	1914	245,000	
	9,500		1915	500,000	
	30,000		1916	800,000	
	37,000		1917	498,000	
	300,000	300,000	1918	870,000	
	490,000		1919	1,525,000	1,000,000
	250,000		1920	700,000	200,000
	215,000		1921	48,000	

However, both of these statements seem to be wrong. On August 24 last we ed the College of Agriculture, Agricultural Experiment Station of California, follows:

May we not ask you to furnish us with such data, information, or statistics you may have in regard to tobacco growing in your State?"

The following is the reply:

California tobacco acreage 1919 was 700 acres. Quantity harvested, 489 to pounds. Value, $284 to $166.

"EDWIN C. VOORHIES."

t will thus be seen that in 1919, instead of raising 1,000,000 pounds, accordto Mr. Aram's first statement, or 1,525,000 pounds, according to his most ent statement, there were cultivated only 700 acres, producing between 489 41 pounds per acre, or a total of 658,700 pounds, according to the maximum ld. Taking the mean figure, the yield would only amount to 500,500 pounds. ince Mr. Aram has failed to give the source of his information, we must, of rse, accept the official figures from the authoritative source referred to.

The insignificance of the industry is further shown by letters and records ted in the appendix hereto.

ENT DUTY ON TURKISH TOBACCO AFFORDS MORE THAN A SUFFICIENT DIFFERENTIAL TO PROTECT CALIFORNIA TOBACCO.

otwithstanding Mr. Aram's varying statements as to the prices paid for kish tobacco, which at one point of his testimony he mentioned as 15 to 30 ts per pound, contradicting himself with equal emphasis in the latter part his testimony, where he stated that what he meant was that the cost of proing tobacco on the other side was 50 cents per pound, the official records of customhouse department (Foreign Commerce and Navigation Reports) show the average price paid for Greek-Turkish tobacco, even under the declinprices in 1920, was 91.5 cents per pound, besides a duty of 35 cents, which gs it up to $1.265 per pound.

But Mr. Aram claims that it cost $1.34 per pound to produce tobacco in California, and he submits pages of detailed figures purporting to show the itemized cost of production in substantiation of his assertion.

Mr. Aram does not give the source of these figures. However, it is entirely unnecessary to enter upon a discussion of the figures submitted by him except to refer briefly to one or two outstanding facts which throw much light on the subject.

For instance, among the items of "Permanent investments" he gives the value of 20 acres of land at $6,000, which equals $300 per acre. In his testimony before the committee, in response to Senator Reed's question, he stated that the tobacco land in California is worth "from $100 to $250 an acre", also that the land "is not good for anything else except grazing."

Apparently when Mr. Aram prepared that statement he overlooked the fact that Californians sold their 1918 crop at a time when, according to his own statements, the manufacturers bought everything they could get at prices ranging between 25 cents and $1.25 per pound. The farmers were seemingly so happy over it that the following year, to wit, 1919, as appears from his own figures, they nearly doubled their crop. Surely, if the farmers had lost money on the 1918 crop at $1.25 per pound (maximum price), they would have held back in raising tobacco again in 1919, instead of doubling their crops.

Yet Mr. Aram desires to make us believe that it cost $1.34 per pound to produce tobacco.

His cost statement is based on a production of 302 pounds per acre, but here again Mr. Aram seems to be in error, for it appears from the telegram of the California Agricultural College herein above quoted that the yield is from 489 to 941 pounds per acre, and that the value of the crop is from $156 to $284 per acre, which makes from 30 to 34 cents per pound.

Mr. Aram is careless in his figures. This was clearly demonstrated in his testimony before the committee when, in response to Senator Reed's question, he testified that there are employed an average of 9,000 laborers for a whole year to cultivate and produce the California tobacco crop. But when he was asked how 9,000 laborers can be paid from the proceeds of a crop the entire output of which, even at $1.25 per pound, would be about $875,000, he explained: "I do not know what these men will get, but our association is conducted in this way," following it with a recital of the methods of his association. This was the only explanation he could give for his statement. To pay 9,000 laborers involves a cost of $2,700,000, figuring at the rate of $1 per day.

With the average price paid for Turkish tobacco at 91 cents per pound, plus a duty thereon of 35 cents per pound, the California tobacco, whatever it may be, is more than sufficiently protected.

The highest average price paid for cigarette tobacco grown in the United States during war days was 41.3 cents per pound; while the average price for tobacco imported from Greece and Turkey, even under the present declining market, is 91 cents per pound, and to that must be added the duty of 35 cents per pound, making an average price for the imported tobacco, $1.26 per pound.

Manifestly, if they can not produce tobacco in California to compete with Turkish tobacco costing $1.26 a pound, while the average highest price that domestic cigarette tobacco was ever sold for was only 41.3 cents per pound, they can not produce any tobacco on a commercial basis, for it must be self-evident that if the cost to produce such tobacco is prohibitive it can not be used as a commercial article.

Producing an article is one thing, and producing it on a commercial basis is quite another thing.

The great bulk of Turkish tobacco is used, not in the manufacture of pure Turkish cigarettes, but in the Turkish-blend cigarettes, i. e., the cigarettes that retail to the consumer at 20 for 20 cents and are sold by the manufacturer at $7.06 per thousand, which includes the internal-revenue taxes, or $4.06, which excludes the internal-revenue taxes.

It must be perfectly apparent even to a layman that no manufacturer can afford to use tobacco costing about $2 per pound (which would necessarily be the approximate cost under the proposed increased tariff), in cigarettes that he sells at $4.06 per thousand and which take on the average 3.75 pounds of tobacco, even though only 23 per cent of it is of the imported type.

Reference has been made at the hearing to "Pall Mall" and "Egyptian Deities." These are the most expensive and the highest type of Turkish cigarettes made in this country. Their sales are, however, comparatively so small that they practically form no factor in the business on pure Turkish cigarettes

which amounts, approximately, to three and one-half billion per annum, or 7 per cent of the whole.

The great bulk of the pure Turkish business is done on such brands as "Lord Salisbury," which retail at 15 for 16 cents; "Turkish Trophies" (cork tips), "Helmars," and "Egyptian Prettiest," the retail price of which is 20 for 25 cents; "Melachrinos (No. 9)," "Moguls," and "Murads," which are sold to the consumer at 20 for 35 cents, but not "Pall Mall" or "Egyptian Deities."

The average manufacturer's price for pure Turkish is about $11 per thousand, which includes $3 internal-revenue taxes and about $1.20 per thousand in duties on imported tobacco used therein, or $6.80 minus the taxes and duties, which, as will be seen, figure at about 62 per cent of the manufacturer's net price.

MR. ARAM'S COMPARISON OF ENGLISH AND AMERICAN PRICES.

Mr. Aram repeatedly claims that American cigarettes are sold in England at lower prices than they are sold for in this country, although the taxes in England are higher than in the United States.

To substantiate his statement, he tells us that a cigarette made of pure Virginia tobacco sells in England at 10 for 10 cents. It is true that in this country some pure domestic cigarettes are sold as high as 10 for 10 cents, but it is equally true that we are also selling in this country blended cigarettes containing an average of over 20 per cent of Turkish tobacco at 20 for 20 cents, the maximum price, the same cigarettes being sold in some stores as low as 20 for 15 cents.

But Mr. Aram has overlooked the fact that there are not less than three national brands on the market now, such as "One-Eleven," "Beechnut," and "Sunshine," that are retailed at 20 for 15 cents, for which the manufacturers receive a net price, minus the taxes, of but $2.30 per thousand.

Laying special emphasis on his assertion that the American brand "Melachrino" cigarettes are sold in England for 1 cent a package less than they are sold for in this country, he has ignored the important fact that the "Melachrino" cigarettes that are sold in England are made in England and not in this country.

Another most significant fact that he did not seem to recognize is that the cigarettes made in England or those made in the United States for the English market are substantially smaller in size and take nearly a pound of tobacco less per thousand than those sold in the United States. This means a difference not only in the cost of tobacco, but as the English taxes are levied at so much per pound, whether on raw tobacco or on the finished product, a difference of 1 pound of tobacco or thereabouts means a difference of about one-third of the taxes on a thousand cigarettes.

As a matter of fact, the tax on Melachrino cigarettes, plus the duty on the Turkish tobacco used therein, made in this country, amounts to about $4.10 per thousand, while the duty on the tobacco in the same cigarettes made in England amounts to 21 shillings, or about $4.20 in American money. There is no tax on the cigarettes, other than the duty paid on the tobacco, in England.

Furthermore, the price of Melachrinos in this country is not higher than the price in England, for they sell in the United States at from 15 to 20 cents a package, whereas in England they sell at a minimum of 1 shilling per package.

Pall Mall cigarettes are a high-class pure Turkish cigarette of insignificant volume as compared with the whole cigarette business in this country. In this country the brand belongs to the American Tobacco Co. In England the same brand belongs to the Imperial Tobacco Co. It so happens that a good many cigarette brands well known in this country are owned by an entirely different proprietor in England and certain other foreign countries. Naturally the manufacturer in England uses such blends and formula as he sees fit, and the English cigarette is habitually of lighter weight and generally of different blend than the American cigarette of the same name.

The American Tobacco Co. furnishes a few—not exceeding one-half million a year—Pall Mall cigarettes to the Imperial Tobacco Co. for sale at places frequented by Americans in London, simply and only for advertising purposes. The prices obtained by the English company, who takes them from the American Tobacco Co. at cost, is entirely unimportant to the American Tobacco Co.

We do not believe that any American manufacturer is consciously selling his product in foreign countries at a lower rate of profit than in this country. Normally and because of the high tariffs in foreign countries on imported manufactured goods there is no considerable export business on American-made cigarettes. There are two temporary situations that should be taken

into account; one is that during and just after the war there was a large exportation from America of cigarettes of well-known American brands, and on a basis of profits entirely satisfactory. The American Tobacco Co., for instance, states to us that it exported in the calendar year 1920, 1,404,000,000 cigarettes and that its total exportations in the calendar year 1921 up to December 1 was only 68,787,000. A second consideration is that if Mr. Aram, or even a more reliable investigator, made inquiry as to brands in London and other European cities to-day he would be likely to find Pall Mall selling as low as 6d. and other cigarettes on a proportionate basis. This is due to the sale at auction by foreign Governments of the surplus stocks of depreciated goods on hand as the result of overpurchases for war purposes.

The increased duties were inserted in the House bill without hearing the cigarette manufacturers and without affording them an opportunity to present the real facts in the situation to the committee.

As stated by Mr. Parker before your honorable committee, and as admitted by Mr. Aram in his testimony, Mr. Aram did not appear at the public hearing before the Ways and Means Committee when the tobacco section was scheduled to be heard, nor had the cigarette industry received any intimation of Mr. Aram's activities until his memorandum was accidentally discovered by the writer printed in the miscellaneous appendix, Part VI of the hearings (p. 4439).

It is our firm belief that had the cigarette industry had an opportunity to present the real facts in the situation before the Committee on Ways and Means or its subcommittee in charge of the tobacco schedule the fallacy of Mr. Aram's contentions would have beeen conclusively established and the old tariff rates on imported cigarette tobacco would have remained unchanged.

CONCLUSION.

We believe that it has been clearly demonstrated:

That Turkish tobacco has been of great benefit, not only to the cigarette industry, but to the domestic tobacco-growing industry.

That no substitute for the Turkish types of tobacco can be raised in California, or in any part of this country.

That the increased duties passed by the House can not but spell disaster to our cigarette industry.

That aside from Mr. Aram, who claims to speak for an alleged California Tobacco Growers' Association, no American tobacco grower has asked for additional protective duties on Turkish tobacco, or on any other filler tobacco.

And we respectfully urge with all possible emphasis at our command that the great American cigarette industry, with investments of many millions of dollars, using about 150,000,000 pounds of domestic tobacco grown by American farmers, and contributing $150,000,000 a year in internal-revenue taxes alone, should not be jeopardized, and that its immensely valuable trade-marks and property rights should not be destroyed simply for the purpose of affording protection to a few farmers who have been unsuccessfully experimenting in raising a substitute for Turkish tobacco in the State of California.

On behalf of the more than 1,480 members that we represent, and on behalf of 200 smaller cigarette manufacturers who manufacture practically nothing but pure Turkish cigarettes, we most earnestly protest against the increased duties provided in the House bill.

APPENDIX TO STATEMENT OF TOBACCO MERCHANTS' ASSOCIATION.

QUOTATIONS FROM LETTERS.

From a letter of Mr. W. H. Alston, president of the Alston Tobacco Co., who has been engaged in the Turkish leaf tobacco business for the past 21 years both as an importer and as a buyer of Turkish tobacco for some of the largest American manufacturers:

"Shortly after the purchase and manufacture of Turkish tobacco was inaugurated, experiments were started in various States of the Union in an endeavor to produce similar types. To this end, Turkish tobacco seed was brought to the States and I was instrumental in having experienced tobacco farmers cultivate tobacco grown from this seed in Pennsylvania, Ohio, Maryland, Kentucky, North Carolina, and Virginia. I was particularly interested in these experiments, being a native-born North Carolinian. The results, however, were

very disappointing and may be summed up without exaggerations thus: In no instances did the highest grade of tobacco produced in this manner in any of these States equal in quality the lowest grades of tobacco grown in Turkey.

"At this point, it should be emphasized that the lower grades of Turkish tobacco are not imported into the States, being themselves quite unsuitable for American manufacturers.

"The proportion of tobacco grown in Turkey entirely unsuitable for American usage is at least 40 per cent, but we consider even these qualities as being very much superior to any substitute Turkish tobacco capable of being produced in this country.

"In 1908 I was instrumental in carrying out experiments for a similar purpose in California. An attempt was made to reproduce Turkish tobacco grown from Turkish seed in California, a farm having been leased in Exeter, Calif., with the idea of producing a quantity of about 40,000,000 pounds. I was then associated with the American Tobacco Co., and the latter company spent a considerable amount of money on this experiment, and personally I superintended the execution of this plan. It was our idea to spare neither expense nor trouble in the endeavor to produce 'Turkish' tobacco in the States, thereby to avoid the necessity of establishing a large and necessarily expensive organization in the Near East.

"The result of the experiment was certainly more fortunate than those conducted in the other States mentioned heretofore, but the fact still remained that the highest quality produced in California was not equal to the lowest grades of Turkish, which themselves are considered of too inferior a quality for the American market.

"The climate of California is unsuitable for the cultivation of Turkish tobacco because, briefly, the extremes are too pronounced.

"When it is dry, it is too dry, and resort has been had to irrigation, which is itself unnatural, and is unsuited to tobacco cultivation. After the tobacco is cured and in storage, the rainy season is so pronounced that the tobacco is in continual 'soft' order with the result that mold develops.

"It may be pertinent at this point to introduce a few facts regarding Turkish tobacco and the California substitute. There are at least 25 different types and grades of the so-called Turkish tobacco imported into the United States not to mention quite as many more which do not come to this country, but are consumed in Greece and Turkey and in different countries in Europe and elsewhere. The 25 grades imported to the United States are each distinctive and when blended together make the finished Turkish cigarette. When the blend of Turkish tobacco is itself blended with domestic tobacco, then you have what is known as the Turkish blend cigarette. Substitute Turkish tobacco grown in various parts of the United States, California included, grades, I should say, into about three qualities only. Even these three qualities are very similar. Is it not obvious therefore that one can not make as satisfactory a blend with three grades (all more or less a sameness) as is possible with no less than 25 types, each one quite distinctive?"

In a recent letter of the Liggett & Myers Tobacco Co., one of the largest users of Turkish tobacco in this country, the company has made the following statement:

"In the year 1911, the American Tobacco Co. furnished Turkish tobacco seed to a few farmers, Armenians or Greeks, as I recall, residing in the hill section of California between Sacramento and San Francisco, and gave them instructions as to the cultivation and curing of the tobacco. A percentage of the tobacco raised from that seed, although of coarse texture, had a Turkish flavor. It was decided therefore to continue the experiment and this was undertaken by the John Bollman Co., a branch of Liggett & Myers Tobacco Co., located at San Francisco. From 1912 to 1918 we purchased a total of approximately 150,000 pounds of this tobacco. We became convinced that the soil there was not adapted to the cultivation of Turkish leaf; that the variation in temperature falling as much as 30 or 40° at night as compared with the temperature in the middle of the day prevented the tobacco from ripening and curing properly. Its texture was coarse, it was lacking in Turkish flavor, was of poor burning quality and in many instances of decided rankness. We could use with some risk only about 1 per cent in a cigarette in which several different varieties of tobacco were blended. Experts do not believe that Turish tobacco can be grown successfully in that climate. After the tobacco was supposed to have been air cured, it had to be dried in a machine in order to prevent its

complete damage. The experiment was costly to us and we decided that under all the circumstances, it was best to discontinue it."

The Gensior Tobacco Co., another concern for many years engaged in the business of importing Turkish tobacco on a large scale, has this to say in a letter recently written to us, to wit:

"We purchased several thousand pounds of this tobacco at 30 cents a pound for one late large cigarette company in this country who decided to try this tobacco with Turkish for the same reason of saving the duty, and found same to be unsatisfactory, leaving them with most of this tobacco on hand at the present time.

"We were offered about a million pounds or more of this tobacco at 50 cents, which we rejected, and which is now still lying in New York in the hands of one Armenian by the name of Aram, who has since approached us several times to make him any kind of a reasonable offer to try to work this off for them on any basis that we might suggest, and we have declined this also, because there is no demand for this character of an inferior substitute for Turkish tobacco at any price. With all of this so-called Turkish California lying in New York and the scarcity of good Turkish tobacco, we can not dispose of this California tobacco.

"Some of the Armenians who raised this California Turkish came here and persuaded some little manufacturers, leading them to believe that Turkish California can be mixed with the genuine and thus save the duty and make a 100 per cent Turkish cigarette. This leads to the public being misled and fooled into a mixed Turkish for pure Turkish and charging the price as if it were all Turkish, which is, of course, wrong. Turkish tobacco at any price could never be substituted by California tobacco."

Mr. Aram, in attempting to magnify the extent of what he calls the tobacco-raising industry in California, mentions the following counties where tobacco has been produced, to wit: Yolo, Fresno, Tulare, Santa Clara, San Joaquin Kings, Sacramento, Los Angeles, and San Diego.

In 1917 we made extensive inquiries as to the production of tobacco in California, and we quote herein from letters received from the Department of Agriculture and chambers of commerce in the various counties where Mr. Aram claims that tobacco is being raised, which speak for themselves:

SANTA CLARA COUNTY.

[From the Consolidated Chamber of Commerce of the city and county of Sacramento Nov. 15, 1917.]

"This tobacco was grown in the counties of Tulare, Santa Clara, and Fresno, also Los Angeles, but at the present writing it has not been of sufficient commercial value to continue.

"The county of Sacramento raises absolutely no tobacco, not because of the adaptability of the soil but owing to the fact that other crops of a commercial value can be raised instead of the tobacco."

TULARE COUNTY.

[From the United States Department of Agriculture, Bureau of Plant Industry, Washington, D. C., Nov. 5, 1917.]

"In reply I may say that considerable interest was aroused by experiments carried out a few years ago in Tulare County, Calif., looking to the production of Turkish tobacco. We understand that these experiments were furthered by the John Bollman Co., of San Francisco. More recently tests have been made in the States of Washington and Oregon and also in California, with a view to growing tobacco merely as the source of spraying material required by orchardists in combating destructive insects."

[From the United States Department of Agriculture, Bureau of Crop Estimates, San Francisco, Calif., Nov. 15, 1917.]

"A few years ago considerable Turkish tobacco was grown in the San Joaquin Valley, Calif., I think largely in Fresno and Tulare Counties, but so much trouble was experienced in marketing the same that its cultivation was discontinued."

KERN COUNTY.

[From the Kern County Board of Trade, Bakersfield, Calif., Dec. 4, 1917.]

"Replying to your recent communication, I wish to advise that there are a number of places in Kern County where they are raising tobacco in an experimental way or for their own use. There is no tobacco raised here commercially."

SAN DIEGO COUNTY.

[From the San Diego Chamber of Commerce, San Diego, Calif., Dec. 27, 1917.]

"Answering your favor of December 14, in reference to the raising of Turkish tobacco in this section, will state that three years ago a gentleman from Turkey, interested in growing Turkish tobacco in this section, brought some Turkish tobacco seed to this chamber. The seed was distributed to interested farmers in the back country. Endeavoring to promote the production of the tobacco a prize was offered for the best sample submitted. A few experimented that year, and of the samples submitted one won a prize of $10.

"Since that time the matter seems to have gone by default, as we have been unable to learn of any parties who are growing the tobacco in this section now."

LOS ANGELES COUNTY.

[From the United States Department of Agriculture, Bureau of Crop Estimates, San Francisco, Calif., Jan. 12, 1918.]

"I inclose herewith copy of letter from Mr. J. D. Culp, which is self-explanatory."

[Letter of J. D. Culp, Pacific Grove, Calif., Jan. 11, 1918.]

"There are only two parties that I know of that grew any. Mr. J. M. Goode, whose address is Rodondo, Los Angeles County, raised a small quantity, and Mr. Lesher, Thirty-eighth and Moneta Streets, Los Angeles, has raised a small quantity for the past two years, and he has it on hand now. He sent samples of it to the different tobacco markets back East, and couldn't obtain any offer for it at all. It is not fit for commercial use. It is like all other tobacco that ever has been grown in California, that has been cured by the same methods that are used in other tobacco-growing States of the Union."

KINGS COUNTY.

[From the Kings County Chamber of Commerce, Hanford, Calif., Nov. 19, 1917.]

"It was raised a few years ago, but for the lack of a market it was only raised one year."

STANISLAUS COUNTY.

[From the Modesto Chamber of Commerce, Modesto, Calif., Nov. 23, 1917.]

"* * * beg to advise that several years ago there were experiments carried on in the raising of tobacco in the city of Turlock, this county, but the same did not prove successful on account of the flavor of the tobacco."

FRESNO COUNTY.

[From the California Development Board, San Francisco, Calif., Nov. 27, 1917.]

"* * * a few years ago an attempt was made to grow Turkish tobacco in San Joaquin Valley, particularly in Fresno County, but for some reason the activity has greatly decreased and we do not believe at this time that it is being grown commercially."

WRAPPER, FILLER, AND SCRAP TOBACCO.

[Paragraphs 601-603, 605.]

STATEMENT OF HON. DUNCAN U. FLETCHER, UNITED STATE SENATOR FROM FLORIDA.

Senator FLETCHER. Mr. Chairman and gentlemen, I have onl short statement to make in connection with this matter. I am sati fied that I shall not unnecessarily take the time of the committe by reading a short letter which will supplement the statement of M Pendas, whom I will introduce in a moment and who will discu the subject in greater detail, based on his extensive experience an knowledge.

I wish to direct your attention to paragraph 601, Schedule 6- Tobacco and manufactures of.

I hope the committee will allow me to refresh their memories as t the existing law and to compare that with the proposed law in H. 7456.

Under the act of 1909, Schedule F, paragraph 220, we find th following:

> Wrapper tobacco, and filler tobacco when mixed or packed with more than 15 p centum of wrapper tobacco, and all leaf tobacco the product of two or more countr or dependencies when mixed or packed together, if unstemmed, $1.85 per poun if stemmed, $2.50 per pound.
>
> Filler tobacco, not specially provided for in this section, if unstemmed, 35 cents p pound; if stemmed, 50 cents per pound.

Then paragraph 224 reads:

> Cigars, cigarettes, cheroots of all kinds, $4.50 per pound and 25 per cent valorem, and paper cigars and cigarettes, including wrappers, shall be subject to t same duties as are herein imposed upon cigars.

That is the act of 1909. The act of 1913 is the same. No chang is made in either act in respect to these matters I have mentione

The emergency tariff act of March 27, 1921, did make a change wi reference to wrapper tobacco and filler, so that the wrapper tobac and filler tobacco when mixed or packed with more than 15 p cent of wrapper tobacco, and all leaf tobacco, the product two or more countries or dependencies when mixed or pack together, if unstemmed, $2.35 per pound; if stemmed, $3 per poun Under the act of 1913 the duty if unstemmed was $1.85 per poun and if stemmed $2.50 per pound, but under the emergency tar act the duties now are $2.35 per pound if unstemmed and $3 p pound if stemmed.

There were no changes as to the duty on cigarettes, cigars, an cheroots in the act of 1909 and none proposed in the bill now bef you, paragraph 605. It is practically the same as paragraph 2 under the act of 1909 and paragraph 185 under the act of 1913.

In H. R. 7456 it is proposed to make the duty on wrapper t bacco and filler tobacco when mixed or packed with more tha 50 per cent of wrapper tobacco, and all leaf tobacco the produ of two or more countries or dependencies when mixed or pack together, if unstemmed, $2.10 per pound; if stemmed, $2.75 p pound; instead of $1.85 per pound and $2.50 per pound, respective as carried in the act of 1909 and the act of 1913, and $2.35 per poun and $3 per pound, respectively, as carried in the emergency tar act.

The item known as Turkish tobacco has no corresponding provision in the acts of 1909 and 1913.

Also, the emergency tariff bill makes no change with reference to "filler tobacco, not specially provided for in this section," and it is still carried in the emergency tariff bill, as in the acts of 1909 and 1913. The bill now before you proposes to make a change in that item so that it will read:

> Filler tobacco not specially provided for, if unstemmed, 45 cents per pound; if stemmed, 60 cents per pound: *Provided*, That filler tobacco, not specifically provided for, commonly used without removing the stem shall be subject to the same duty as stemmed.

Manufacturers of Havana cigars in Tampa, especially, are insisting that these duties ought not to be raised beyond the acts of 1909 and 1913. Concretely, they contend this, and urge it upon the committee: First, that such duties as are carried in the emergency act of 1921, or the House bill now before you, will cause a decrease of importation and a consequent loss of revenue; secondly, that it will cause at least a partial shutting down of factories and the throwing of people out of employment. There are engaged in this work, in the cigar industry in Tampa, some 15,000 people, while in Key West there are some 5,000 so engaged. They feel sure that this will make the Havana cigars so costly that the consumers will be limited in number, the demand diminished, and the industry seriously injured, if not ruined. They point to an experience which Mr. Cuesta informs me about. I have not seen the law, but my information is that in 1920 England added a 50 per cent ad valorem tax on the existing taxes, with the result that whereas 50,000,000 cigars had been imported from Cuba to England the year before, following this additional 50 per cent ad valorem tax only 2,000,000 cigars were imported that year or the year after, so that England has been obliged since then to repeal that additional tax. That is one experience which I think perhaps ought to have some weight with this committee.

Senator McLEAN. That was the duty on the imported Havana?

Senator FLETCHER. Havana; yes, sir.

I am speaking not from the standpoint of a representative of the manufacturers or the dealers or the producers, but from the standpoint of the public generally and as a citizen.

Mr. Peter O. Knight has written me a letter which I wish to submit to the committee as coming from a citizen thoroughly informed on the subject. He says:

> I regret exceedingly that I shall be unable to be present at the hearing of the tariff schedule before the Senate Finance Committee December 7.
>
> Mr. Pendas and I last summer were requested by the Clear Havana Cigar Manufacturers' Association and the Tampa Board of Trade, of this city, to be present at the hearing when it should be held; and, as you know, I held myself in readiness for two months during the summer to attend the hearing; but this particular schedule did not come up for consideration and the matter was then deferred, and it will now be impossible for me to go.
>
> I am quite sure that when the members of the Finance Committee thoroughly understand this situation, instead of increasing the duties on the raw material they will decrease the same.
>
> As you know, the manufacturing of clear Havana cigars in the United States is of comparatively recent growth. Years ago all of the clear Havana cigars were manufactured in Cuba, and there were not consumed in this country over 40 or 50 million of clear Havana cigars annually. Finally, by reason of a tariff ball passed, such a duty

was fixed on the raw material as compared to the duty on the manufactured article s that the manufacturer could import into this country from Cuba Cuban tobacco manufacture it into cigars, thus making a clear Havana cigar in this country, and sell the same cigar for 10 cents that could not be made in Cuba and sold in this country for 15 cents. And so on. The result was the building up of the clear Havana industry in Tampa and in Key West, particularly. To such an extent has this industry grown as that there is now manufactured in Key West approximately 60 or 70 million cigars annually, and there has been manufactured in Tampa as high as 400,000,000 clear Havana cigars annually; whereas the province of Habana in Cuba has never exceeded in production 220,000,000 clear Havana cigars annually. And there are imported into this country now from Cuba not very many more clear Havana cigars than were imported into this country before the clear Havana industry in the United States started. So the passing of this particular tariff bill was a magnificent piece of constructive work.

During the last few years, however, because of conditions existing, the internal revenue tax has been increased enormously, the tariff has been increased on the raw material to such an extent as that the clear Havana manufacturer in this country is unable now, with the present internal revenue and customs taxes, to manufacture clear Havana cigars that can be sold by the retailer at two for 25 cents.

Now, during the last few years, when the laboring man received $40 a minute and business men of very ordinary capacity made several hundred thousand dollars per annum, it was an easy matter for the manufacturer to pay the tax and to sell the cigars for 20 and 25 cents a piece, because the people were on a magnificent drunk and cared not what they spent and paid for their cigars. But now that we are getting back to sane conditions, they are unwilling and unable to pay such prices for cigars. And the result is that, with the present tariff and internal revenue taxes, the clear Havana industry is moving along in this city at only about 50 per cent production, and even though, commencing April, 1920, there was a 10 months' strike and the manufacturers here were unable to produce any cigars scarcely, and the shelves of the retailers of the United States were absolutely clear of Tampa cigars when the industry resumed operations the beginning of this year. Unless the tariff on the raw material and internal revenue taxes are reduced so as to place the clear Havana manufacturing industry in this country on the same basis that it existed prior to the war, it is my opinion that the production of clear Havana cigars in this country will be reduced one-half, for the reasons above stated. The people, as a rule, can not pay 15 cents for a cigar; and that is what they must do at the present time if they are going to buy clear Havana cigars made in Tampa or Key West—from 15 cents up.

If the tariff is increased, as proposed in the bill, the effect will be most disastrous. It will probably place the manufacturer in this country where he will be unable to make a clear Habana cigar that the retailer will be able to sell for less than 20 cents. How many people in the United States will spend 20 cents for a cigar? With the tariff increased as proposed in the pending bill, you will put the manufacturer in Cuba and the manufacturer in this country on such a parity as that the manufacturer in Cuba will be able to sell his cigars in this country at probably the same price that the manufacturers in this country will have to sell their cigars for. And you know the smokers of clear Havana cigars have an idea that a Havana cigar can only be made in Habana; and if, therefore, they can buy a cigar made in Habana for the same price as a cigar made in Tampa, they will buy the cigar made in Habana.

Now, this industry has paid enormous taxes to the Government annually, the taxes in Tampa alone amounting to several million dollars a year, and the industry here has gone under full steam for about 20 years.

For what purpose is this measure passed? Is it to aid the manufacturer and enable him to continue in business? And is it to enable the Government to raise increased revenue? If that is the purpose of the bill, then, as above stated, the tariff should be decreased and not increased.

The present tariff on filler is 28 cents a pound net; and on wrapper, $1.88 a pound. It is perfectly absurd to say that the grower of domestic tobacco should receive more protection than this. As a matter of fact, domestic-grown tobacco, as a rule, is not worth 28 cents a pound for filler or $1.88 a pound for wrapper. The manufacturer here must pay not only 28 cents duty for filler and $1.88 for wrapper, but in addition thereto the price that he pays to the grower in Cuba for the tobacco, plus the amount of freight from Cuba to the United States. So, from any standpoint, proper protection to the domestic grower of tobacco, protection to the clear Habana manufacturer to enable him to continue his business in this country, and necessary revenue to the Government, the present Federal taxes, internal revenue, and customs on the raw material should be reduced. If it is not reduced, the tax on the manufactured article should be increased.

Tampa is now a thriving city of seventy-odd thousand people, built up by the cigar industry. You, of course, may know the consequences to the city and its

abitants if the industry is destroyed or seriously affected. The people here are uch concerned with reference to this matter; but I have full confidence that, when e honorable members of the Finance Committee understand this situation, they ill take no action that will injuriously affect any industry in this country.

Mr. Knight is well acquainted with all the details of this industry nd has been in touch with it for some 20 and odd years. He is gentleman of the highest standing.

Senator SMOOT. Do you think that 10 cents a pound increase is oing to destroy that business?

Senator FLETCHER. Do you mean as proposed by this bill on filler tobacco, not otherwise provided for"?

Senator SMOOT. Yes. It is such a small amount.

Senator FLETCHER. That it is the smallest increase proposed and he least serious but that amounts to a very considerable sum, enator, and the manufacturers are running now on about half me.

Senator SMOOT. But that is better than a good many of the other usinesses of the country are doing.

Senator FLETCHER. Well, it is a pretty serious thing for them, nd they claim that they can not continue. Certainly they can not ontinue anything approaching their normal capacity because the eople will not pay the increased price that will be necessary. That crease would add $2.10 per thousand to the cost of the cigars.

Senator SMOOT. The emergency tariff bill is 50 cents.

Senator FLETCHER. Yes; I realize that.

Senator SMOOT. This is taking off 10 cents from the emergency ariff.

Senator FLETCHER. It is less than the emergency tariff, but the mergency tariff bill is too severe.

Senator McLEAN. You are addressing yourself to the filler?

Senator FLETCHER. To the filler—"not otherwise provided for."

With reference to the wrapper, Florida has a very important instry in the growing of wrappers. This wrapper and the Connectit wrapper compete with Sumatra and Java but very slightly with e Havana. The duty on the Havana wrapper, one way or the her, does not affect them so much, because the importation of avanas is negligible as compared with the wrapper generally. The al competitors are the wrappers from Sumatra and Java. Our ople in Florida feel that their competitors are Sumatra and Java d not Havana, as far as the wrapper is concerned, so that there is conflict in the claim that the duty should not be raised on "wrapr tobacco and filler tobacco when mixed or packed with more than per cent of wrapper tobacco," coming from Cuba, but should be ntinued as in 1909 and 1913. Whatever the duties which may be posed upon Sumatra and Java wrappers, the duties on Cuban appers and fillers ought not to be increased over 1913, but lowered. matra and Java alone are the real competitors of our growers— t Havana.

Senator McLEAN. I understand you have no objection to the rate the wrapper as contained in the emergency bill if confined to Java Sumatra?

Senator FLETCHER. If it can be separated so that it will not cover Havana wrapper.

Senator McLEAN. Of course, the Havana wrapper gets 20 per cent.

Senator FLETCHER. I see no reason why the bill should not specify Sumatra and Java wrappers and eliminate the Havana wrapper entirely. It should be eliminated from that classification.

Senator McLEAN. Isn't the Sumatra wrapper also grown in the Southern States—Georgia?

Senator FLETCHER. Yes; in Florida and Georgia.

Senator McLEAN. Isn't it used to wrap the high-grade cigars filled with Havana?

Senator FLETCHER. Yes; that is true, and the increased importation of the Havana filler will help the producer of the domestic wrapper, because the more Havana cigars are made the more demand there will be for the wrapper.

Senator McLEAN. Provided he can raise the tobacco at a profit.

Senator FLETCHER. Yes. One of the best informed men, I assume, in the country is Mr. Pendas, of Tampa, who has been for 40 years engaged in this industry. He is present, and I shall ask Mr. Pendas to come forward and present his view to the committee. Mr. Pendas, will you proceed with your statement in regard to this matter?

I want to ask the committee to let me file a brief, furnished by Mr. K. I. McKay, a distinguished attorney, for the manufacturers in Tampa, who is here to be heard if you have time, but is willing to have his argument incorporated in the hearings.

The CHAIRMAN. It will be so ordered.

BRIEF OF K. I. McKAY, REPRESENTING THE CIGAR MANUFACTURERS' ASSOCIATION OF TAMPA, FLA.

The tendency of Congress always has been to impose a higher rate of taxation on luxuries than on necessities. No one can justly complain of the propriety of the disposition of Congress in this respect. However, there are certain commodities which, while in their true sense they are not absolute necessities of life, yet by reason of their constant use by a large proportion of the people, are to a great extent regarded as necessities. This class of commodities, no doubt, for the purpose of raising revenue to defray the necessary expenses of government, should be taxed at a higher rate than those commodities that are in a strict sense recognized as necessaries of life, but it is manifestly wrong to tax a commodity that is universally used and contributes to the comfort and happiness of the people, even if it is not strictly a necessity of life, to such an extent as to place it beyond the means of the average citizen. It is also manifestly unfair for the Government, after following for many years a policy of taxation upon an industry that has made it profitable for men to invest their money in it and devote their time to it, to radically change the policy in such manner as to render the further conduct of the industry unprofitable and thereby cause serious loss to those who have invested their capital in it and made it a lifework, so that if it now becomes unprofitable to continue it they will not only suffer loss of their investment but will be deprived of the only occupation they are especially trained to follow.

Prior to the year 1885, the manufacture in the United States of cigars from imported Cuban tobacco was an industry not very extensively engaged in. The factories making this class of cigars in the United States were principally located at Key West, Fla., and New York City. Due to constantly recurring labor troubles encouraged and made possible by the concentration of a large number of workers in the industry at a single place at great distance from any other place where the industry was extensively engaged in, it became evident that it would be necessary to remove at least a part of it from Key West. With that end in view, certain manufacturers who had previously operated their factories at Key West investigated various locations and finally decided to establish their factories at Tampa, which was at the time a small village of not over 2,500 population. In course of time other factories came to Tampa from Key West, others that had been established in various cities of the North, realizing the advantages of Tampa's climatic conditions, nearness to the source of production of raw material, and to the available supply of skilled labor in making this particular class of goods, removed to Tampa, and in course of time other factories were established, until, within a few years, Tampa became the chief center in the United States for the manufacture

facture of clear Havana cigars by the Spanish hand method. The industry is largely responsible for the development and growth of Tampa in commercial importance. It has now become a city of 75,000 to 80,000 inhabitants, and is one of the most important southern ports of the United States.

The growth of the industry, both in quantity of production and in importance as a producer of revenue to the Government, is shown by the following table of figures taken from the official records of the internal-revenue office and customhouse at Tampa, covering the years 1901 to 1920, inclusive:

Years.	Internal revenue.	Customs receipts.	Cigars manufactured.	Years.	Internal revenue.	Customs receipts.	Cigars manufactured.
1901	$[illegible],110	$[illegible],400	147,220,000	1911	$910,430	$[illegible] 72	283,380,000
1902	442,751	1,220,984	141,906,000	1912	854,728	1 38	273,495,000
1903	510,[illegible]	1,318,531	167,030,[illegible]	1913	894,870	1 [illegible]	286,145,000
1904	[illegible],212	1,801,100	196,981,[illegible]	1914	856,565	1 15	267,966,000
1905	[illegible],124	1,604,626	220,430,[illegible]	1915	930,225	1 [illegible]	285,836,000
1906	861,480	1,794,467	277,082,[illegible]	1916	1,011,[illegible]	1 [illegible]	312,465,370
1907	885,340	1,667,600	285,060,000	1917	1,314,076	1 [illegible]	352,080,104
1908	791,040	1,561,280	236,061,000	1918	1,884,[illegible]	1 70	308,072,626
1909	901,578	1,891,636	257,030,000	1919	2,408,821	1 70	422,795,019
1910	[illegible],515	1,377,202	201,405,000	1920	2,028,[illegible]	71	226,042,[illegible]

The years 1910 and 1920 were subnormal, owing to protracted strikes which materially reduced the production of cigars in the factories, and correspondingly reduced the revenue paid the Government.

Substantially all of the internal revenue and customs receipts shown in the above tabulation were paid by the cigar industry on importation and manufacture of tobacco. It is impracticable to separate the internal revenue and duty paid by other commodities but if it should be done, the amount would be found negligible in comparison. It will therefore be seen that the Government revenue collected at Tampa during the past 20 years, almost exclusively from tobacco importation and cigar manufacture, has amounted in internal revenue to $20,828,232, and customs duties to $32,582,093, a total of $53,410,325. The enormous increase in internal revenue paid in proportion to the number of cigars manufactured during the years 1918, 1919, and 1920 should be noted. This feature will be commented upon later in this brief. It is safe to say that if the tobacco industry of Tampa is not handicapped by adverse legislation, but is given reasonable encouragement and fair treatment by the Government, as soon as normal trade conditions are restored throughout the country, the Government may safely count upon the cigar industry of Tampa to produce an average annual revenue for it of approximately $6,000,000. On the contrary, if the industry is seriously handicapped by unwise legislation, as is threatened, not only will the manufacturers suffer personally, and not only will many of the 15,000 highly skilled employees, who are customarily given profitable employment in the Tampa factories, be without the means of earning a livelihood, but the Government itself will suffer a very substantial decrease in revenue, and the proposed increase in duty, instead of producing additional revenue to the Government, will be the means of depriving the Government of a very substantial part of the revenue it now enjoys from the industry.

During the years 1917, 1918, 1919, and part of 1920, conditions in the tobacco industry were, as in all other industries, very abnormal. The price of raw material advanced on certain grades of Cuban tobacco as much as 400 per cent. The cost of boxes, lithographing, and every other item of material going into the production of the finished statutory package correspondingly increased. Labor in this industry had to be treated no differently from labor in all other industries. The result was that all, and substantially more, than the profit the manufacturers had, prior to these abnormal times, been accustomed to make in their operations, was absorbed in the cost of production, and it became necessary for certain advances to be made in the price of the goods. Cigars being a luxury, however, it was not practicable to advance the prices upon them in keeping with the advanced cost of production, and while it is difficult to estimate, it is safe to say that the average advance made by the Tampa manufacturers on the list prices of their goods during the period of excessive prices that until recently had prevailed in this country, did not exceed 35 to 40 per cent on the prewar prices.

Inability of the manufacturers to sell their product at these increased prices under present conditions has forced them to largely discontinue these advances and in many instances they are now forced to make a price to their customers substantially the same as it was before these increases were put into effect.

Prior to the beginning of the conditions that have so disturbed the industry, cigars were subject to an internal-revenue tax of $3 per thousand, which was paid by affixing internal-revenue stamps to the statutory package. Under the present revenue law this tax has been very substantially increased. The existing internal-revenue law requires the manufacturer to attach classification stamps to the boxes in which the cigars are packed according to the price at which the cigars are to be ultimately retailed, as follows:

Class A. Cigars retailed at 5 cents or under, $3 per 1,000.
Class B. Cigars retailed at 5 cents to 8 cents, $6 per 1,000.
Class C. Cigars retailed at 8 cents to 15 cents, $9 per 1,000.
Class D. Cigars retailed at 15 cents to 20 cents, $12 per 1,000.
Class 3. Cigars retailed at 20 cents and up, $15 per 1,000.

The present internal-revenue law is a serious handicap to the cigar manufacturer over and above the amount of revenue tax he is required to pay. If he finds that he is losing money upon a certain size or kind of cigar that he is producing, and in order to continue its manufacture he is compelled to raise the price $2 or $3 a thousand, which increase is passed on by the jobber to the retailer, the retailer finds that in order to handle the cigar at a profit he must raise the retail price at which it is sold to his customers. This raise in retail price forces the cigar into a higher classification under the internal-revenue law and subjects it to an additional tax of $3 per 1,000, which tax the manufacturer is required to pay. The result is if the manufacturer raises his price $2 a thousand, and because of the same the cigar is forced into a higher retail-priced class, he is required to place an additional $3 per 1,000 revenue stamp on the cigars, his increase of $2 per 1,000 results in an actual loss to him of $1 per 1,000, or, in other words, in order to raise the price $2 per 1,000 to cover added cost of production he is compelled to increase the price $5 per 1,000, which increase in many instances renders the cigar unsalable because of prohibitive price.

The average retail prices of cigars throughout the United States have become fixed by long-established custom, and it is extremely difficult for a retailer to make any substantial advance in the retail price of any well-established brand of cigars. If he does so, he drives away his trade on that particular brand. If he can not sell the cigar at an advance in price and his margin of profits on the previously prevailing price is only fair, as it must of necessity be in order to enable him to meet competition, he can not stand an increase in price from the manufacturer under such conditions. The result will be that as the manufacturer can not continue to make cigars and sell them to his trade without a profit or at a loss, his factory will be shut down, he will lose his investment, his employees will be out of employment, and the Government, by prohibitive taxation, will have killed the goose that has been laying for it the golden egg.

Prior to the abnormal conditions that disturbed the cigar industry in common with other industries, approximately 80 per cent of the cigars manufactured in the Tampa factories were of the kind that retailed at 10 cents and two for 25 cents. The present cost of material and labor and other supplies, as well as the advanced internal-revenue taxes, the manufacturer is now required to pay, have made it impossible for any cigar manufacturer in the United States to produce a clear Havana cigar that can be sold at retail for 10 cents, but the manufacturers realize that in order to continue in business and stimulate the sales of their higher-priced goods, upon which they can make some profit, they must make a cigar that can be sold at a price within the means of the average smoker, or in other words a cigar that will retail at not exceeding two for 25 cents. After a most careful calculation the clear Havana manufacturers of Tampa have determined to put such a cigar on the market and they have been supplying it to the trade for the past several months.

The cigar so made costs $90.50 per 1,000 to produce, including revenue taxes and other incidental expenses leading up to the production of the completed package. They have found it impossible to obtain from the jobbers a higher price than $[illegible] per 1,000 for this cigar. In other words, the jobbers can not pay more than this price for this cigar and sell it to the retailers at a price which will enable them to retail it at two for 25 cents. This being the cheapest clear Havana cigar produced by the manufacturers, it necessarily follows that the bulk of the production of the factories will be cigars of this class. The manufacturers are therefore confronted with an absolute loss of $7 per 1,000 on the largest part of their production under present conditions. They are prepared to meet this loss at this time and continue in business, hoping for a better day, and trusting that they may, by charging reasonable prices for the higher sizes that will be consumed by people who are able to pay for them, to a certain extent minimize this loss. Any increase in duty on the raw material that will add an average of $2.60 per 1,000 to the cost of this cigar will prevent the manufacturers from producing it. The result will be that the proposed increase

in tariff will make it necessary for the clear Havana manufacturers of Tampa to discontinue the production of a class of merchandise that now constitutes the larger part of their output. If these cigars are not produced, the manufacturers will not require the raw material. It will not be imported, and the expected revenue from the duty on tobacco to this extent at least will not materialize.

Proof that the retail price of cigars can not be substantially raised during normal times without destroying the trade is found in the fact that for the first five months of the year 1921, during which time the advanced prices made necessary by abnormal conditions have prevailed, the production and sale of cigars in the United States has fallen off 22 per cent, as against the corresponding period for the year 1920. This may be due in part to the fact that many people who formerly consumed cigars are out of employment, and therefore unable to buy them at any price, but it is undoubtedly true that a large percentage of this loss of trade is due to the fact that because of the reduction of income of the average citizen in this period of readjustment he is unable or unwilling to pay the price which the manufacturer is compelled under existing conditions to ask for his cigars, whereas the readjusted income of the average citizen would enable him to continue buying and using his favorite brand of cigars if he could purchase the same at the price prevailing prior to the increase in cost of production that has been forced upon the manufacturer by abnormal conditions and increased taxation prevailing during the past several years.

It must also be remembered that the cigar industry of Tampa is in a very depressed condition, caused by a strike that closed practically all the factories from April 14, 1920, to February 5, 1921, during which time the trade connections of the Tampa factories were broken and substitute merchandise found its way in large quantities into the hands of dealers. It is now necessary for the trade of the Tampa factories to be rehabilitated, and under conditions that are peculiarly adverse, for not only is the present cost of raw material and other elements of production, including taxation, substantially more than when the trade of these factories was first built up, but many Tampa factories have on hand hundreds of thousands of dollars' worth of material heretofore purchased at abnormal prices, which they were unable to use up during 1920 on account of the strike, and which because of present conditions they will have to manufacture and dispose of at heavy loss. This condition alone may mean bankruptcy for some.

An illustration of the working of the tariff and internal revenue laws as they affect the clear Havana cigar industry may at this point be aptly given. Cuesta, Rey & Co. operates one of the largest and best established clear Havana cigar factories in the United States. It is located at Tampa. This factory maintains a scientific cost accounting system, the accuracy of which has been proven by the test of years of use. This factory makes a certain size of cigar which is known in its system as size 36. The following are the figures furnished on the production of this cigar, according to the cost-accounting system above referred to:

Filler (21.6 pounds of stemmed filler, at $1.60 per pound)	$34.56
Less credit for scrap	.70
	33.86
Wrapper	12.60
Wages to cigarmaker	21.00
Internal-revenue stamps (class C)	9.00
Boxes (to hold 50 cigars each)	3.10
Labels and bands	1.15
Packing	1.90
Banding	.50
Salesmen's commission, customer's discount, and 1 per cent for advertising	10.50
Executives, office salaries and expenses, factory foremen, and expenses including repairs, insurance, trucking, etc	8.85
Total	102.46
Net selling price	105.00
Estimated net profit	2.54

The cost of filler and wrapper tobacco shown on the above tabulation includes the duty under the Underwood Tariff Act of 1913, after giving credit for 20 per cent Cuban reciprocity: the existing emergency tariff act, inasmuch, as it is only a temporary measure, being disregarded in this brief. Neither are the figures in the foregoing tabulation based on the cost of tobacco purchased at the high market. They are based on the cost of this year's crop of tobacco, which is substantially less. They

are also based on the minimum of wages according to a reduced schedule that the manufacturers have recently been forced to put into effect, and which the workers, recognizing the necessity, have accepted as just. The highest price at which any jobber will or can purchase cigars and resell them to the retailer, at a price that will enable the retailer to retail them for 15 cents each, is $105 per thousand. Any increase over that price forces the jobber to add to his price, which in turn forces the retailer to make an addition to the price that will cause the cigar to be sold for above 15 cents. The proposed increase of 25 cents a pound on wrapper and 10 cents a pound on filler above the tobacco schedule in the act of 1913, is in effect an increase of 20 cents a pound on wrapper from Cuba and 8 cents a pound on filler from Cuba, because of the Cuban reciprocity treaty. This increase of duty, as applied to the cost of the production of this particular cigar, will result as follows:

Additional duty of 20 cents per pound on 5 pounds of wrapper	$1.00
Additional duty of 8 cents per pound on 21.6 pounds of filler	1.73
Net increase of duty	2.73

This is 19 cents more than the $2.54 net profit as shown by the above tabulation. The cigar being one that is designed for sale at 15 cents, and the price of $105 per thousand being the maximum at which a manufacturer can sell that class of cigars, an addition to the manufacturer's price of sufficient to take care of this increased duty will force the jobber to raise the price to the retailer and the retailer to raise the price to his trade, but the moment the retailer raises the price on this cigar above 15 cents it is thrown in class D under the internal-revenue law, and is forced to pay $3 additional revenue tax, and therefore this increase of $2.73 in duty on the tobacco that goes into the making of a thousand of these cigars in reality imposes an additional tax of $5.73 per thousand on the manufacturer. The trade will not stand this increase. The result will be that if this increase goes into effect, the manufacturer will be forced to discontinue the production of this cigar.

The following tables show the average amount of duty and internal revenue paid on a thousand cigars manufactured during the years 1917, 1918, 1919, 1920, and the first six months of 1921 by Cuesta, Rey & Co. and the Habana-American Co. branch of the American Cigar Co., and during the years 1919 and 1920 by Celestino Vega & Co., three of the principal clear Habana factories of Tampa:

Cigars produced, average amount of duty, and internal revenue paid.

CUESTA, REY & CO., TAMPA, FLA.

Year.	Cigars produced.	Duty paid.	Internal revenue.	Total [illegible]
1917	10,405,582	$99,415.26	$36,540.13	[illegible]
1918	9,343,695	90,263.00	54,095.69	[illegible]
1919	8,537,407	90,307.21	72,449.64	[illegible]
1920	3,019,349	24,731.87	35,125.00	[illegible]
1921	2,812,715	14,713.29	29,503.71	[illegible]

HABANA-AMERICAN CO., BRANCH AMERICAN CIGAR CO., TAMPA, FLA.

1917	11,543,293	$103,947.52	$14,9[illegible]	[illegible]
1918	10,140,176	83,866.40	60,178.82	[illegible]
1919	9,185,293	81,753.63	85,017.93	[illegible]
1920	4,592,731	36,001.31	38,277.23	[illegible]
1921	4,313,959	50,281.67	47,444.40	[illegible]

CELESTINO VEGA & CO., TAMPA, FLA.

1919	6,850,765	$46,422.74	$60,022.71	[illegible]
1920	2,073,248	18,483.13	21,112.54	[illegible]

The proposed increase in tariff, with its attendant forcing the cigars produced into a higher classification under the existing internal revenue law, will impose aggregate Federal taxes on cigars produced by the clear Havana factories at Tampa of approximately 30 per cent of the gross price at which the cigars are sold by the manufacturers.

rate of taxation that is probably not imposed upon any other industry of any size in the country, whether it is engaged in the production of necessities or luxuries.

It requires, and by existing internal-revenue regulations the Government allows, 25 pounds of unstemmed tobacco to produce 1,000 cigars of the average size, although many manufacturers in Tampa find at the end of the year that the cigars produced by them have consumed substantially more than that average of tobacco per thousand, and they are annually required to pay additional revenue tax on an apparent shortage of cigars produced and accounted for as compared with the tobacco consumed, or furnish evidence to the Government that the cigars produced consumed more than 25 pounds per thousand. To produce the average size cigar requires approximately 5 pounds of unstemmed wrapper and 20 pounds of unstemmed filler. The duty on this tobacco, under the tariff act of 1913 was as follows:

5 pounds of wrapper at $1.85	$9.25
20 pounds of filler at 35 cents	7.00
	16.25
Less 20 per cent reciprocity	3.25
Net duty	13.00

Under the tariff proposed in schedule 6 this duty would be as follows:

5 pounds of wrapper at $2.10	$10.50
20 pounds of filler at 45 cents	9.00
	19.50
Less 20 per cent reciprocity	3.90
Net duty	15.60

This would be an increase of $2.60 duty on the raw material that goes into making each thousand of clear Havana cigars. This is substantially more than the average profit now made by clear Havana cigar manufacturers of Tampa, and, in fact, it is more than the average profit that was made by these factories per thousand cigars made by them prior to the disturbed trade conditions that have resulted from the war, and as shown, if the manufacturers are forced to increase their selling prices sufficiently to take care of this increased duty on raw material, they automatically force their goods into a classification under the internal revenue law that imposes an additional increase in taxation of $3 a thousand, which results in placing the manufactured article at a price at which it becomes unsalable.

This statement has practical proof in the experience of Great Britain. Prior to April, 1920, Great Britain imposed a duty of a shilling an ounce on cigars. In April, 1920 that country increased the duty on imported cigars by adding an ad valorem tax of 50 per cent. The consumers could not or would not pay the price the dealers were forced to charge after paying this increased duty, and the importers found it necessary to immediately cancel all orders they had placed with the Habana factories. It is history in the cigar industry that shortly after April, 1920, many of the cigar factories in Habana and other parts of Cuba were practically shut down and have since been producing almost entirely for local consumption, and that exports of manufactured cigars from Cuba since that time have been negligible. Previous to the imposition of this heavy additional duty, Great Britain was the chief importer of cigars manufactured in Cuba, but during the period from July 1 to December 31, 1920, the importation of cigars from Cuba to England was only 2,000,000. The Government recognized that the tax imposed had resulted in the destruction of a substantial source of revenue, and repealed it, but the trade has become disorganized and it will probably be many years before it can be rehabilitated to the proportions existing prior to April, 1920.

The same proportionate loss of revenue from duty on tobacco from Cuba may be expected if any further duty is imposed upon the raw material, for the reason that the manufacturers can not pay for the material and the cost of production and the additional taxes and sell their cigars at a price that will enable the retailer to sell them to the consumer at a price within his reach, or that he is willing to pay.

Moreover, the country owes a very real duty to Cuba, especially in its present financial distress. The finest tobacco grown anywhere is raised in Cuba. This is due to soil and climatic conditions. To protect the integrity of the crop, Cuba prohibits the importation to the island of any other tobacco or seed of tobacco. It is the second product of Cuba in importance. Any advance in duty that will reduce the consumption of this raw material in the United States will do great injury to the Cuban tobacco growers, and will add to the distress and chaotic conditions now existing in that country.

EFFECT ON DOMESTIC TOBACCO GROWERS.

Owing to the high cost of Cuban wrapper, many manufacturers have of late been producing what is known as the Connecticut shade-grown wrapped cigar. [illegible] of the best established brands in the country are of this kind. This cigar is produced by placing a wrapper of Connecticut shade-grown tobacco on a clear Havana filler. The growing of tobacco in Connecticut is a large industry. It represents an extensive investment of American capital and affords employment to many American citizens. If the manufacturer can not afford, on account of excessive tariff on Cuban filler tobacco, to continue making cigars of this class, a distinctive branch of the cigar industry will be destroyed, and the Connecticut tobacco grower will suffer. Connecticut shade-grown wrapper tobacco on account of the development of the Havana filled Connecticut shade grown wrapped cigar as a branch of the cigar industry, has advanced in price during the past five or six years from as low as $1.75 to as high as $5.50 a pound. During all the years that tobacco has been grown in Connecticut, the demand for it was so limited that the price was kept at about the low level indicated.

Since the enormous development of the Havana-filled, Connecticut-shade-grown wrapped branch of the cigar industry, the demand for Connecticut wrapper tobacco has become so great as to increase the prevailing price as above stated. It necessarily follows that if the manufacturer of this grade of cigars can not profitably continue its manufacture because of the prohibitive cost of the filler that goes into it, the demand for the Connecticut wrapper will fall off and the price of Connecticut wrapper to the trade will recede in keeping with the demand for it.

Cuban tobacco is used not alone in clear Havana and shade-grown wrapped cigars, but this is especially true of filler. Many manufacturers, due to the present high rate of taxation, are forced to use a substantial quantity of domestic tobacco in the production of their cigars. This is done by blending the Cuban filler with domestic filler and wrapping the cigar with Connecticut shade-grown, Florida shade-grown, or imported Sumatra or Java wrappers. The cigar so produced satisfies many smokers, although it is not as fine in quality as the cigar made entirely from Cuban tobacco. A cigar produced entirely from domestic-grown tobacco is usually unpalatable and will not satisfy the average American smoker.

Over 670,000,000 cigars are manufactured in Ohio annually and 40,000,000 pounds of cigar leaf are annually grown in that State and marketed all over the country. This leaf tobacco is used largely for filler. A good share of it is blended with Cuban filler, and a large portion of it is used in Sumatra or Java wrapped cigars. Ohio tobacco is regarded as a very good domestic filler, but it is only because of the smoother taste and sweeter aroma and better appearance acquired by the finished cigar through the judicious admixture of foreign-grown leaf tobacco that the production of Ohio cigar leaf has reached the figure of 40,000,000 pounds annually, and that the production of Ohio cigars has extended itself to 670,000,000.

Wisconsin binders are almost invariably used in the manufacture of what is known as cigars of the seed and Havana or blended type. The less foreign-grown filler and wrapper tobacco we use, the less Wisconsin binder tobacco we use. No informed person will claim that the present production of Wisconsin tobacco of 60,000,000 pounds per annum would ever have reached half that figure or will ever again approximate that quantity under taxation that will render the use of imported tobacco for blending therewith unprofitable.

Pennsylvania produces annually approximately 2,100,000,000 cigars, or about [illegible] per cent of the production of the entire Nation. This State also produces 55,000,000 pounds, or 25 per cent, of all the cigar leaf annually raised in the United States. A cigar made entirely of Pennsylvania tobacco is not the kind that satisfies the taste and requirements of the average smoker, but when blended with Habana tobacco and wrapped with a Sumatra or Java wrapper is in large demand. Pennsylvania tobacco does not make fine wrapper. It is chiefly suitable for filler and binder. If a certain percentage of Cuban filler is not available to blend with Pennsylvania tobacco the demand for Pennsylvania cigars will be materially affected and the Pennsylvania tobacco grower will correspondingly suffer.

PROPOSED INCREASE IN DUTY ON SCRAP FROM 35 CENTS TO 55 CENTS PER POUND

Tobacco known to the trade as "scrap" is the cuttings, trimmings, and small particles of the leaf that accumulate from working up the leaf into the long filler cigars. This scrap is used to blend with domestic leaves in making up filler for the cheaper grades of cigars. It would seem illogical to impose a tariff of 45 cents a pound on filler tobacco and 55 cents a pound on scrap, which is merely the by-product salvaged from working up the filler and wrapper leaf. As above stated, this scrap is used

largely in the manufacture of cigars from domestic tobacco blended with imported Cuban tobacco, and the same argument advanced with respect to the effect on domestic tobacco growers of an increase of the tariff on filler tobacco applies with equal force in opposition to this increase in duty on scrap.

The experiment of raising the duty on scrap tobacco was tried in the Payne-Aldrich Tariff Act of 1909. Under that law the duty on scrap tobacco was fixed at 55 cents a pound, with the result that the importation of scrap tobacco was speedily reduced to negligible proportions. Should this experiment again be attempted at this time, there can be no doubt whatever that it would operate merely to curtail revenue now derived from the scrap tobacco, reduce the quality of the moderate-priced cigar of good flavor, and substantially decrease consumption and production, thus decreasing the internal revenue from this class of goods, as well as the aggregate duty collected on scrap tobacco under the present tariff law.

The figures given in this brief as to internal revenue and customs duties paid at Tampa, the average aggregate of internal revenue and customs duties per thousand cigars paid by manufacturers, the cost of production of cigars of the class designed for retail sale at 15 cents each, and the application of the existing internal-revenue law to the selling price of cigars generally are accurate. Other figures herein given have been obtained from sources that are believed to be reliable, and it is believed these figures can be fully substantiated by facts.

Tariff is levied for two purposes:

(a) The production of revenue.

(b) The protection of home industries.

The clear Havana manufacturer of this country is fully protected by existing law against competition from foreign manufacturers. Therefore, the measure now under consideration must be dealt with solely upon its merits as a producer of revenue. It has been well said by Mr. Cooley in his work on taxation "that the power to tax is the power to destroy." Surely Congress has no desire to destroy the clear Havana cigar industry of this country. It must, therefore, realize that in order for any system of taxation upon this industry to be effective as a producer of revenue, it must be so arranged as to enable the manufacturer to operate his business at a reasonable profit. The industry is now in a most precarious condition. If the Government expects it to produce revenue, it must be fostered, not hampered by additional burdens that will make its expansion or even further conduct impossible.

Considering the question in this light, there would seem, in view of the facts presented, to be only one course for Congress to pursue, and that is to leave the duty on leaf and scrap tobacco as it was under the act of 1913 or reduce it.

STATEMENT OF E. PENDAS, TAMPA, FLA.

Senator SMOOT. Mr. Pendas, before you begin your statement I want to ask you a question for my information.

In the tariff act of 1909, and also in the tariff act of 1913, wrapper tobacco and filler tobacco when mixed or packed with more than 15 per cent of this wrapper tobacco, then the duty was imposed. The House bill now pending here provides that wrapper tobacco and filler tobacco when mixed or packed with more than 50 per cent of wrapper tobacco, then the duty is imposed. Is not that a protection for you?

Mr. PENDAS. We do not believe that is fair. We do not believe that is fair to the Government, and we do not believe the Government will receive full value in wrapper tobacco, on account of the packing of wrappers in Cuba, that a full bale of wrapper tobacco will ever come into the United States.

Senator SMOOT. Under the 50 per cent provision?

Mr. PENDAS. Yes, sir.

Senator SMOOT. Explain that. I can not see the reason why. Nobody has touched that question. I wish you would explain it, because I understand you are a tobacco man.

Mr. PENDAS. The island of Cuba does not produce wrappers quite as uniform as those that are used in this country or some other parts

of the world from which wrappers are imported. The people wh
pack the tobacco in Cuba have never in my experience packed a bal
of wrappers that contained 100 per cent.

Senator SMOOT. The provision in the House bill is 50 per cent.

Mr. PENDAS. The farmer as a rule packs the tobacco himself. Pra-
tically every farmer in Cuba has a pretense of growing wrappers
and he gets out so-called wrappers whether they are wrappers or n
Many of them are not wrappers. The packing is most deficient.

I have seen a very considerable portion of almost all of the im
ported Havana tobacco of the 1920 crop. A good deal of it con
tained over 25 or 30 per cent at least of wrappers that, if put i
cigars, would be unmarketable.

Senator SMOOT. The provision here allows you 50 per cent, an
you say 30 per cent.

Mr. PENDAS. Yes, sir. I say even the best bales would have tha
much thrown out.

Senator SMOOT. This allows you 50 per cent.

Mr. PENDAS. Yes, sir; this allows us 50 per cent, but my ideas o
the subject may not be in accord with manufacturers and importers
who are even far apart themselves on this, but everyone getting
bale of tobacco has in mind the use that he can put it to. Conse
quently, very few people agree on the same percentage in a bale. I
would be very difficult to arrive at that.

But, as I stated before, there is not a bale of Havana wrapp
that does not contain a great portion of tobacco unfit for use
wrappers to be sold on cigars.

Senator McCUMBER. What percentage would you say?

Mr. PENDAS. It varies very much.

Senator McCUMBER. But can you not give a general average?

Mr. PENDAS. As I said before, the best bales in Cuba that I hav
seen in the last few crops—and I have seen some of the best—co
tained not less than 25 to 30 per cent that was unfit for wrappers.

Senator McCUMBER. What would the average bale contain th
would be unfit for wrappers?

Mr. PENDAS. I could not figure that.

Senator McCUMBER. Would it be more than 50 per cent, in you
judgment?

Mr. PENDAS. Many of them; yes, sir.

Senator McCUMBER. Would it average more than 50?

Mr. PENDAS. The majority would.

Senator McCUMBER. Then you mean it would average more tha
50 per cent?

Mr. PENDAS. The majority would.

Senator McCUMBER. Very well.

Senator SMOOT. Thank you for your statement.

Senator McLEAN. Is not this tobacco assorted and the wrapp
duty assessed upon the wrapper portion and the filler duty upon th
filler portion?

Mr. PENDAS. It has been so far.

Senator McLEAN. It has been so far? What would be the resu
under the new law? Would it not be assorted under the operation o
the new law?

Mr. PENDAS. I expect so; but, as I stated before, I do not believe at a full bale of wrappers would be imported from Cuba—a 100 per nt bale.

Senator McLEAN. I understood you to say at the opening of your marks that you disapprove of the change because it would not be ir to the Government?

Mr. PENDAS. I don't think it would.

Senator McLEAN. Why?

Mr. PENDAS. Because my opinion is that a good many of these bales ould not be uniform throughout the United States, with the different climates and the different views.

Senator McLEAN. Let me ask you a plain question: Is it your idea hat wrapper tobacco would be brought in under the filler duty?

Mr. PENDAS. I don't know.

Senator McLEAN. Is not that what you mean?

Mr. PENDAS. I can not make that assertion.

Senator SMOOT. I do not agree with you that the 15 per cent in the xisting law is unfair to the Government.

Mr. PENDAS. To a certain extent it might be.

Senator SMOOT. I do not see that to raise that percentage would be nfair to the manufacturer of tobacco. That is why I wanted you to ell me why the 50 per cent is too high—if it is too high, and I think ou have stated it is too high. I rather think so, too, but not that he 15 per cent is too low.

Mr. PENDAS. In my individual opinion, 50 per cent is too high, ecause I believe it will leave the door open to return too many bales.

Senator SMOOT. I think we understand your position on that.

Senator FLETCHER. You think 15 per cent is too low?

Mr. PENDAS. I think that is rather low.

Senator FLETCHER. What would you make it?

Mr. PENDAS. My candid opinion, Senator, is that 35 per cent would e high enough.

Senator SMOOT. Thirty-five per cent?

Mr. PENDAS. That is my opinion.

Senator SMOOT. I wanted to get your opinion on it.

Mr. PENDAS. Gentlemen, our purpose as manufacturers in appearg before the Senate committee is to, if possible, demonstrate to you e situation with which we are confronted. We will confine our rearks to Schedule 6, paragraphs 601 and 602. We believe that is schedule, with these paragraphs, adopted as it now reads, would sult in serious loss to the Government of revenue and would do conderable harm to the industry as we know it.

We do not know and are not entirely familiar with all classes of gars manufactured in the United States, but we are thoroughly miliar with the conditions existing in our section of the country; at is, the State of Florida. We see the cigar industry to-day with e radical changes that have taken place in the last two years, and it a sick patient. It is a very sick patient.

We have at the present time no means of ascertaining what the conions are going to be, for no man can tell what the future has in re, much less in business with these changed conditions.

Up to 1917 the production in our section of the country was about per cent, between 80 and 85 per cent, of cigars that retailed at 10

cents or two for a quarter, leaving little more if any than 15 per cent of cigars to retail at a higher price than two for a quarter. With the changed conditions since 1917, the enormous cost of material, as I stated it before, with the additional cost of everything that goes to place a cigar on the market, with the raise in taxes from $3, that was the general revenue for all kinds of cigars manufactured, to cigars selling up to 10 cents, $9 a thousand, as you know; from 10 to 15 cents, $12 a thousand, and from 20 cents up at $15 a thousand. This change alone has brought this condition about so that the cigars that are manufactured, even in the clear Havana—and that is what I am referring to particularly—the cigar that sold at 10 cents has disappeared, and since 1918 the two for a quarter has been negligible. The public accepted but very few, a negligible quantity of them. They were not worth the money, from the consumers' standpoint, and we believe they were not worth the money, so little could we give for that amount.

Under the changed conditions and under the abnormal circumstances, the prosperity of the country, with the workingmen making the money they were making for a year and a half, at least, the manufacturers did not miss the 15-cent or the two-for-a-quarter production very much, because for the 15-cent size sufficient demand prevailed to make us forget for the time being those conditions.

But, unfortunately, on the 14th day of April, 1920, the 12,000 or 13,000 employees in the cigar factories struck. They were not well enough and wanted to be worse, and struck, demanding a recognition of the union. That strike lasted 10 months. In these 10 months the economic conditions of the world unfortunately reached the United States, and when the workers came back to our factories they thought, as we had not changed the prices, as we had promised to maintain the same wages as those with which they went out, they came back hoping the world was the same, at least.

It appeared to be so for a few weeks, but having been out of the market for 10 long months, the conditions in the meantime having changed, automatically our orders began to be canceled. Sixty days after the doors were opened we found we could not keep on employing the same number of men. A reduction took place in great numbers, and all throughout the summer and early fall, as Senator Fletcher has stated, we were not working in the clear Havana factories 50 per cent, not 40, of normal.

In the last part of July we had to offer the workingmen a reduction in wages, which they accepted, although it did not leave a very good feeling. They claimed it was as high as 40 per cent, and as we figured it out it was 17 per cent, approximately. That is as near as figures would make it, about 17 per cent.

That 17 per cent reduction, gentlemen, we found that we had to impose, conditions being as they were in the country, to reduce the price of our cigars. We were not making a 10-cent cigar clear Havana, and no manufacturer can produce it with the present conditions, because we have bought tobacco at the highest prices I have ever known for the 1920 crop. Having had a strike during 1920 practically since the 14th of April, we did not use that tobacco.

In 1920, when we started to work and business fell off so materially, the manufacturers had a whole lot of that tobacco on hand. It is not possible for any man that I know of—and I wish if there

s anyone he would controvert it—that can manufacture the clear Havana cigars to retail at 10 cents.

We found other conditions. We cut out 80 per cent of our normal business before 1917, when we cut out the 10-cent and two-for-a-quarter sizes that constituted the 80 per cent. Without these two priced cigars that were the popular cigars with the masses and with the middle classes, we found ourselves situated so that our factories would soon be for rent. We tried to arrive at some way of giving the public some size. The 10-cent size had to be absolutely discontinued. I don't know of anybody that could produce a long-filler clear Havana cigar to retail for 10 cents.

With no idea that we might sell the 10-cent cigar, if we wanted to show a semblance of staying in business, we had to do something with the two for a quarter. We studied that proposition as best we could, and we found that to produce a standard clear Havana cigar, made the same in the first-class cigar factories in the United States as it is made in Cuba—and we claim we make as good cigars in this country as they make in Cuba, and sometimes the American public found it out by their patronage of the reputable clear Havana factories in this country—we found on close examination that with the cost of material, with the cost of labor—because we didn't bring labor down to the prewar prices—labor was cut about one-half of the raise we had made. We didn't want to take the whole hog, because the cost of living had not come down to that level, and we were as reasonable as we possibly could be.

Senator McLEAN. What did you pay during war times by the week or by the thousand, so the committee can get some idea what your reduction in wages amounted to?

Mr. PENDAS. I stated about 17 per cent.

Senator McLEAN. That does not mean anything to us. Seventeen per cent of what? What did you pay in 1918 and 1919, when the wages were high, per thousand or per week, and what do you pay now?

Mr. PENDAS. I wish I could answer the question as the Senator desires, but we have piecework mostly in the factories.

Senator McLEAN. How much per thousand?

Mr. PENDAS. It varies anywhere from $21.35, the lowest, up to $300 per thousand for the cigar maker alone.

Senator McLEAN. Take a 10-cent cigar; what do you pay per thousand?

Mr. PENDAS. We do not manufacture that cigar, Senator.

Senator McLEAN. Take a cigar that you do manufacture; take a 15-cent cigar?

Mr. PENDAS. For a 15-cent cigar we paid before the war $17.

Senator McLEAN. Per thousand?

Mr. PENDAS. Yes, sir.

Senator McLEAN. And what do you pay now?

Mr. PENDAS. $21.

Senator McLEAN. What did you pay at the highest point?

Mr. PENDAS. $24. I don't want to make a mistake or make a statement that is misleading. For a 15-cent cigar we paid the cigar maker before the war, before the abnormal conditions set in, $17. During the high prices that was raised to $24, and when we made a cut on that

particular cigar it came down to $21. Consequently, we have still $ above normal on that cigar, and so on the others, because the reduc tion on the cigars was made uniform.

Senator McLean. About how much would that amount to per wee on the 15-cent cigar?

Mr. Pendas. To the cigar maker?

Senator McLean. Yes.

Mr. Pendas. A cigar maker makes an average of 1,000 cigars week.

Senator McLean. That would be $24 a week?

Mr. Pendas. No, sir; do you mean the reduction?

Senator McLean. Before the reduction.

Mr. Pendas. Before the reduction for that cigar maker; yes. I is now $21.

Senator Calder. Men or women?

Mr. Pendas. Both. We pay the same price to men or women.

Senator Calder. Are most of your laborers men or women?

Mr. Pendas. Men.

Senator McLean. Are they mostly Cubans?

Mr. Pendas. Yes; there are Italians, Spaniards, Cubans, an Americans.

Senator McLean. What percentage are Cubans?

Mr. Pendas. The larger percentage; probably 40 per cent.

Senator McLean. How will the wages you pay compare with th wages paid in Cuba?

Mr. Pendas. Our wages are always higher, Senator.

Senator McLean. How much higher?

Mr. Pendas. For example, I have seen sizes that we pay $26 fo in this country, and the same cigar in Cuba they only paid $17.

Senator McLean. And you pay as high as $300 to $400 p thousand for some cigars?

Mr. Pendas. For the sizes that are sold in this country for 10 cent or two for a quarter or 15 cents, we pay better wages in that propo tion than the Cubans do. We always did.

Senator McLean. But take the high-priced cigar that you pay $3 or $400 a thousand for.

Mr. Pendas. There are very few made of that kind. I just sug gested those because that was the limit.

Senator McLean. What would you pay for a 25-cent cigar?

Mr. Pendas. We paid usually before the war for a 25-cent ciga about $33 per thousand. We paid more than the Cubans did for tha size.

Senator McLean. How much would the filler of that cigar co you?

Mr. Pendas. Per thousand?

Senator McLean. Yes.

Mr. Pendas. I don't quite understand the question. Do you mea the cost of buying the filler?

Senator McLean. To you. How much would the filler cost pe thousand?

Senator Fletcher. How many pounds of filler make a thousan cigars?

Mr. Pendas. Of that size it takes about 23 pounds, Senator.

Senator FLETCHER. To make 1,000 cigars?
Mr. PENDAS. Of that size.
Senator McLEAN. How much per pound?
Mr. PENDAS. You mean the value in Cuba?
Senator McLEAN. That is what I mean.
Mr. PENDAS. We can not estimate the value in Cuba, because it has changed. Fillers, as a rule, in the island of Cuba could be bought previous to the 1918 crop, good average fillers that grew in the best section of Cuba that made Cuba famous——
Senator McLEAN (interposing). Never mind that. Take a 25-cent cigar. What would the filler cost you?
Mr. PENDAS. Not everybody uses the same type of filler.
Senator McLEAN. What does it cost you?
Mr. PENDAS. $1.50 or $1.60 before the war.
Senator McLEAN. Per pound?
Mr. PENDAS. Yes, sir.
Senator McLEAN. And it is 20 pounds to the thousand?
Mr. PENDAS. No, sir. It is more than 20. It is about 23.
Senator McLEAN. Twenty-three?
Mr. PENDAS. Yes, sir.
Senator McLEAN. What would the wrapper cost you?
Mr. PENDAS. The wrapper in normal times?
Senator McLEAN. Take it now.
Mr. PENDAS. Now?
Senator McLEAN. Yes.
Mr. PENDAS. I am ashamed to give it to you, but it would cost us $24 or $25.
Senator McLEAN. Per pound?
Mr. PENDAS. No; per thousand. I will give you the pounds per thousand if you wish.
Senator McLEAN. I would like to have you state that. It is the 25-cent cigar.
Mr. PENDAS. Yes. I will give it to you. It would take about 6 pounds.
Senator McLEAN. Do you use any of the Sumatra?
Mr. PENDAS. No, sir.
Senator McLEAN. That is all.
Mr. PENDAS. Now, then, gentlemen, I believe I was talking about the two-for-a-quarter cigar. I had reached that far, if I do not make a mistake.

We found if we did not produce a two-for-a-quarter cigar we might as well make up our minds to go out of business, because while our production had increased so materially during the time that so many ships were being made and so many other things, and everybody was making six or eight or ten dollars a day, people bought 15 and 20 and 25 cent cigars; but that was not a normal condition, and we doubted very much, and the last few months have demonstrated to us, that condition is not going to continue. So we had to decide to look for a two-for-a-quarter cigar.

A two-for-a-quarter cigar, in order to give some value, we decided on a certain cigar, that it was necessary, and we figured out the cost of that cigar. The cost of the two-for-a-quarter cigar in the clear Habana factories, to the best of the ability of the bookkeepers—I

don't know how to make figures very well these days—is $90.50 per thousand, for a thousand clear Havana cigars that will go on the market, and we figured that we would have to sell them at $85.

Senator McLEAN. What size would that be?

Mr. PENDAS. That would be a 4½-inch cigar, with a diameter of about 41 ring. The cigars are measured in order to get them uniform. We have a length, and we have rims made of rubber, and they go in the factory by length and rim. Those are about 4½ inches by 41 ring.

As I stated, we found to produce that cigar would cost the manufacturer $90.50, and they would have to be sold for $85 per thousand. The idea did not look very good, but we found the majority of the jobbers of the United States telling us they could not do business with the $85 cigar selling to the retailers, and the retailers could not live on the margin and they could not pay $85 for the cigar that would actually cost under present conditions to produce $90.50. The great majority of these jobbers are paying only $83.50 per thousand.

Senator McLEAN. What do they retail that cigar for?

Mr. PENDAS. Two for a quarter.

Senator CALDER. How long has that been going on?

Mr. PENDAS. It has been going on since the 1st day of September with almost all the manufacturers of clear Havana cigars, and those making cigars at Tampa. We have no rule established, and some men probably would lower weeks before, but it was sometime about September 1.

Senator McLEAN. The 20-cent cigar went to 30 cents, and the 25-cent cigar went to 35 cents, as sold by the retailers. Those are the imported cigars. I do not know about the cigars you make.

Mr. PENDAS. The imported cigars went very high. I am not very familiar with the retail prices, because I never sold cigars directly myself. I am giving you the facts from the importers' and manufacturers' standpoint. I know little about the retail business. I happen to know about this, because it has been so much discussed that I know something about it. When you are losing money it impresses itself very strongly on you.

Now, these are the conditions with which the cigar industry in the part of the country that I am familiar with, as I stated before, is confronted with. We believe that a tariff for revenue is necessary for the support of the Government and all of us must contribute, but we hope these abnormal conditions will not continue much longer. How long it will exist no man can tell, but everybody will agree that is too adventurous to do business at a loss, and nobody can tell what the future has in store for us. However, we are hoping for better days and are not willing to abandon our plants, but will lose some money for the time being.

That is the actual condition of the cigar industry, and particularly the clear Havana cigar industry. While Senator Fletcher was speaking I believe some Senator said something about a moderate raise of 10 cents a pound on fillers. It is very moderate, but we must understand this: Our impression is that we can not very well stand the increase in duty, and we believe that the Government, as I stated at the beginning, is not going to get more revenue. That is our belief, as could be demonstrated by figures, but I will not attempt to do so.

The only thing I want to do is to impress as strongly as I can on iose who have made the law and those who will continue to do so iat we believe it would be a mistake to raise the duty at this parcular time on a business that is in a very precarious condition.

Now, 10 cents a pound on filler tobacco, we would allow 25 pounds) the thousand, and as far as I know, and I have been making gars 40 years, no manufacturer ever has had enough material llowed him with 25 pounds, because I know that manufacturers ave at the end of the year to pay the difference between the tobacco sed on the basis of 25 pounds or explain the reason why he has less bacco than he ought to have at the end of the year. Consequently, 5 pounds for a thousand, as a rule, does not cover it.

In the normal production of a thousand cigars the average thouand cigars that is being made to-day, since the 10-cent cigar has sappeared, is 21 pounds and over per thousand, and that 21 pounds over per thousand, if it comes to that, is $2.10 on fillers on every ousand cigars increase.

Senator McLEAN. $2.10 on the fillers?

Mr. PENDAS. On the fillers alone per thousand, the proposed inease.

Senator FLETCHER. That is at 10 cents?

Mr. PENDAS. Ten cents a pound.

Now, then, as the revenue regulations are to-day, we have the gars classified. The cigar that sells for 5 cents must carry a $4 amp; the cigar that sells for not over 8 cents must carry a $6 amp—$6 per thousand; the cigar that sells from 8 to 15 cents must rry a stamp of $12 per thousand, and so on. Under those condions the manufacturer either loses more money or he must raise e price. If he is going to raise $2.10 on the fillers, and whatever e amount is on the wrappers, then that will throw the cigar into the xt classification and we must add the $3 difference in the stamp. nder those conditions we have found that we can not and will not able to continue under present conditions, and we will not be able raise prices. That is the situation in the cigar industry.

Another reason why I believe that these filler rates of duty ought be cared for is that it is not in competition with any kind of toreo used by anybody in the United States. On the contrary, it rors, it helps, it increases the value of the large interests repreited by growers and a number of producers in this country.

Only a few years ago, as the gentlemen here know, Connecticut ide-grown wrapper tobacco was very little known, but it was found blend well with Cuban fillers, and as a consequence the value of h was enhanced by using in combination. So for the reason that importation of Cuban fillers helps rather than hurts the domestic oduct the duty should not be increased.

Besides, some manufacturers, if they are going to produce cigars a loss, will find a substitute for tobacco imported from Cuba, and Government will lose additional revenue on that account as well.

Gentlemen, I do not wish to take up your time. I could give you ny statistics. I haven't got them here, but we can get them. I lieve the Senator will be kind enough to interest himself to prent the statistics.

Senator McCUMBER. Any statistics you desire to present will be de part of your testimony.

Mr. PENDAS. I believe that unless the committee desires to p[...] some questions I am through.

Senator McCUMBER. The committee is very much obliged to y[...]

Senator McLEAN. I understand you are addressing yours[...] mostly to the filler.

Mr. PENDAS. I am addressing myself generally, but principal[...] to the filler.

STATEMENT OF CHARLES FOX, NEW YORK CITY, REPRESENTI[...] NATIONAL CIGAR LEAF TOBACCO ASSOCIATION.

Mr. FOX. Mr. Chairman and Senators, in deference to the wis[...] of the committee, we who are of one mind as to the proposed [...] tariff had selected Mr. Cullman to present our side of the case. [...] would not have spoken had no objection been raised to the pr[...] posed increase of the so-called 15 per cent clause to 50, not believ[...] that there was any opposition to that proposed increase.

However, as Mr. Pendas seems to think the 50 per cent clause [...] too high, I feel it incumbent upon me to state to you why I bel[...] it is not too high. I might further say that Mr. Cullman's speech [...] statement includes nothing in reference to the 50 per cent clause. [...] the very reason that I stated, that we did not believe there wo[...] be any opposition to it.

I agree fully with all that Mr. Pendas said as to the growing [...] wrapper tobaccos in Cuba and methods of packing. I further [...] lieve that the average, as Senator McLean asked, of wrapper [...] baccos in so-called wrapper bales is not over 50 per cent.

I do not know whether you gentlemen understand the 15 per c[...] clause. Under the present tariff with the 15 per cent clause, i[...] bale of tobacco imported from Cuba is found to contain over 15 [...] cent of wrapper tobacco, the entire bale is assessed at the wrap[...] rate. Our contention is that that is very unfair to the importer [...] Havana tobacco.

We further contend that by increasing the percentage to 50 we [...] bring into this country certain grades of wrapper tobacco which [...] could not bring in now by reason of the fact, as I have just explain[...] of being assessed wrapper duty on filler tobacco. So with the 50 [...] cent clause inserted in the new bill the manufacturer imports s[...] grades of wrapper tobacco from Cuba as he can use in cigars t[...] are made in this country, he would then be assessed wrapper duty [...] the wrappers it contained and filler duty on the balance.

I believe, gentlemen, it would not be an unfair request for us [...] make. It is a feature of the new tariff bill with which the Treas[...] Department is in harmony with us. As I understand it, it [...] recommended by the Treasury Department to the Ways and Me[...] Committee.

I can not agree with Mr. Pendas in his statement that 50 per c[...] would be too high and that 35 per cent would be fair.

That is all I wish to say on this subject, but I will further [...] permission of the committee to file, after Mr. Cullman has made [...] remarks, certain resolutions and briefs from various tobacco org[...] zations and cigar-manufacturing organizations from other section[...] the country.

Senator McCUMBER. That may be done.

'ATEMENT OF JOSEPH F. CULLMAN, SR., REPRESENTING THE NATIONAL CIGAR LEAF TOBACCO ASSOCIATION.

Mr. CULLMAN. Mr. Chairman and gentlemen, in order to econo-ize time, may I request that I be permitted to present my argument, the conclusion of which I would be delighted to answer any ques-ns that may be asked?

Senator MCCUMBER. I hope that request will be adhered to.

Mr. CULLMAN. On behalf of the National Cigar Leaf Tobacco sociation, which is composed of the great majority of importers Havana, Sumatra, and Java tobaccos, packers and dealers in leaf bacco, many of whom are interested in the growing of tobacco, as ll as the cigar-manufacturing branch of the industry generally, I sire to urge upon your honorable committee the vital importance amending the tobacco schedule of House bill 7456 in several par-ulars in order to avoid serious injury to the cigar industry of the ited States and to the growers and distributors of cigar leaf.

I have been requested to present the arguments by reason of having en engaged in the industry for over 50 years as a dealer and cker of cigar leaf in the States of Pennsylvania, Ohio, Wisconsin, w York, Connecticut, and Massachusetts, and as a grower in Con-cticut, as well as an importer of Sumatra, Java, and Havana baccos.

The amendments which will be suggested are absolutely necessary avoid further acceleration of the present downward tendency of gar production, which is rapidly reducing the Federal revenues m the internal tax on cigars and customs duties on imported gar leaf.

Only the most cursory examination of the statistics of production the cigar industry during the past 20 years is necessary to con-ce any intelligent person that the present situation is most critical d that only the wisest and most farsighted policy in the way of tax ljustment can rescue it from impending ruin. The table follow-g, showing the output of cigars and cigarettes since 1900, is incon-vertible evidence that the cigar manufacturers can carry no fur-er burdens but, indeed, must have substantial relief if the industry not to become moribund. These figures show that while the out-t of cigarettes in 1901 was but little more than one-third that of gars, it has now risen to nearly six times the cigar industry, which s practically stood still for 20 years, despite the enormous increase population.

Year.	Cigars.	Cigarettes.	Year.	Cigars.	Cigarettes.
[illegible]	6, [illegible] 12	2, [illegible] 97	1911	8,282,337,873	10
[illegible]	6, [illegible] 53	2, [illegible] 47	1912	8,099,448,730	13
[illegible]	7, [illegible] 50	3, [illegible] 15	1913	8,530,916,995	15
[illegible]	7, [illegible] 42	3, [illegible] 22	1914	8,248,891,047	16
[illegible]	7, [illegible] 93	3, [illegible] 11	1915	7,605,328,265	17
[illegible]	8, [illegible] 53	4, [illegible] 37	1916	7,932,610,191	25
[illegible]	8, [illegible] 97	5, [illegible] 38	1917	8,527,119,269	35
[illegible]	7, [illegible] 39	5, [illegible] 96	1918	7,901,015,823	46
[illegible]	7, [illegible] 74	6, [illegible] 35	1919	7,785,592,491	53
[illegible]	7, [illegible] 51	8, [illegible] 84	1920	8,549,960,895	47

The table below shows the production for the first nine months the calendar year 1921, as compared with the corresponding months

of 1920. It will be noted that the production of cigars for the firs nine months of 1921 has been at the rate of but 6,839,623,000 for th calendar year—a much smaller total than in any year since 1900:

	Cigars.	Cigarettes.
January-September, 1921	5,120,719,750	43,771,6[illegible]
January-September, 1920	6,132,717,200	39,392,[illegible]

The new tariff imposes heavy additional burdens upon the cig industry, which is already staggering under adverse conditions, th have prevented any increase in production during the past 20 yea and that are now restricting the output at a rate which promis smaller production for 1921 than in any other year since 190 Wrapper tobacco is raised by the new bill from $1.85 to $2.10 p pound, an increase of 25 cents; filler tobacco from 35 cents to 45 cen per pound. It goes without saying that these duties will be add to the cost of imported Sumatra wrappers and to Cuban fillers a scrap and will materially increase the cost of producing cigа Domestic growers of cigar leaf tobacco, however, will receive litt or no benefit, but in the main will be adversely affected, for t reason that both Sumatra wrappers and Havana fillers are used combination with cigar leaf of domestic production and are nec sary to sustain the demand for domestic leaf. If their price is rai because of the increased duty, the cigar manufacturers will have alternative but to reduce the price he can pay for domestic wrappe binders, and fillers, unless he can cut the wages of his workmen, wh is inadvisable.

To increase the price of any grade of cigars under existing c ditions is an absolute impossibility; on the contrary, the dema for lower prices for merchandise of every kind is being accentua in the case of cigars, and in the effort to maintain quantity prod tion on a scale that will continue to afford employment for work in the industry many factories are now operating on a dangerou narrow margin, where, indeed, they are making any money at all

It has been demonstrated beyond question that war prices cigars can no longer be maintained, and the general price tende throughout the industry is materially downward.

Nearly one-half of the cigars manufactured in the United Sta are wrapped with Sumatra leaf tobacco, which, although high price and burdened with a heavy duty, is so peculiarly suited to wrapping of cigars and can be so favorably worked in the factory to make it practicable to employ it in the production of mediu well as high priced goods. An increase of 25 cents per pound in duty on wrapper leaf tobacco will raise the cost of the 2 pounds Sumatra wrappers required to cover 1,000 cigars by 50 cents, amount which can not be absorbed by manufacturer, jobber, or tailer under existing conditions.

But this is not all. Under the present system of internal-reve taxation, adopted since the last tariff revision, cigars pay a tax sliding scale according to retail price. Thus, for example, the which retails at 8 cents pays an internal-revenue tax of $6 per t sand. If, however, the retail price of this cigar is raised by

nallest fraction of a cent, the cigar immediately becomes subject to ıx at the higher rate of $9 per thousand, an increase of $3.

Thus an increase of 25 cents per pound.in the duty on Sumatra af would raise the tax-paid production cost of the popular-priced gar $3.50 per thousand, making it imperative that the consumer ıall pay more for this cigar. It will be noted that these taxes relate ılely to cigars containing no imported filler tobacco. The effect of ıe proposed changes upon cigars manufactured with imported fillers s well as wrappers would be much more pronounced, and will be ointed out later in our discussion of the proposed rates on filler and rap tobacco.

As it is perfectly apparent that the price of the popular cigar can ıt be raised under existing conditions, the cigar manufacturer, if ıe cost of his Sumatra wrappers is increased, would be obliged to ıoose between two alternatives—equally disastrous to the country large—of reducing the wages of his employees or cutting the price pays to the farmers who grow his binders and fillers. It is impossible to escape this conclusion, which is based upon facts demonrated throughout the entire cigar industry.

The proposed increase in the duty on wrapper tobacco has been rged on behalf of the producers of so-called shade-grown tobacco of ew England, Georgia, and Florida. While we do not pose as philnthropists, we are vitally interested in the welfare of the American ırmers who grow cigar leaf tobacco other than shade-grown in the tates of New England, New York, Pennsylvania, Ohio, and Wisınsin approximating 200,000,000 pounds, as well as those in New ngland, Georgia, and Florida growing shade approximating 10,-),000 pounds. Any increase in the duty on wrapper tobacco above ıe former rate of $1,85 per pound would have disastrous conseuences not only for the cigar-making industry of the country but r all cigar-leaf growers.

While we are anxious to avoid any invidious comparisons, it is an ndeniable fact that the producers of shade-grown tobacco in New ngland are to-day the most prosperous raisers of cigar leaf tobacco ı the United States and do not need any more protection than they ave enjoyed during the past two decades. Consumption of New ngland shade wrappers has steadily increased in recent years, and ıere is undeniably an excellent market in this country for all of this obacco that can be raised. Any increase in the duty, therefore, is nnecessary and would only work a serious injury to the cigar trade nd to the farmers who grow filler and binder tobacco. Ultimately ıe New England growers themselves, of which there are about ,000 independent growers of tobacco as compared to about 25 corporations or firms raising shade, would be injured because of the duced prices obtained for their fillers and binders.

The domestic growers of shade wrapper leaf tobacco have steadily ıcreased their output during the past 10 years in the face of the fact ıat the cigar industry as a whole has remained at a standstill, a fact hich shows beyond a question that they do not need more protecon. Will Congress destroy a large part of the cigar industry in ıe hope of still further increasing the profits of a comparatively mall number of growers engaged in the production of shade wrapper af tobacco, of which there are only about 25 in New England and in lorida?

of 1920. It will be noted that the production of cigars for the firs nine months of 1921 has been at the rate of but 6,839,623,000 for th calendar year—a much smaller total than in any year since 1900:

	Cigars.	Cigarettes.
January–September, 1921	5,120,719,750	43,771,6[illegible]
January–September, 1920	6,132,717,200	39,392,9[illegible]

The new tariff imposes heavy additional burdens upon the cig industry, which is already staggering under adverse conditions, th have prevented any increase in production during the past 20 yea and that are now restricting the output at a rate which promis smaller production for 1921 than in any other year since 19 Wrapper tobacco is raised by the new bill from $1.85 to $2.10 p pound, an increase of 25 cents; filler tobacco from 35 cents to 45 cen per pound. It goes without saying that these duties will be adde to the cost of imported Sumatra wrappers and to Cuban fillers a scrap and will materially increase the cost of producing ciga Domestic growers of cigar leaf tobacco, however, will receive litt or no benefit, but in the main will be adversely affected, for t reason that both Sumatra wrappers and Havana fillers are used combination with cigar leaf of domestic production and are nec sary to sustain the demand for domestic leaf. If their price is rai because of the increased duty, the cigar manufacturers will have alternative but to reduce the price he can pay for domestic wrappe binders, and fillers, unless he can cut the wages of his workmen, whi is inadvisable.

To increase the price of any grade of cigars under existing co ditions is an absolute impossibility; on the contrary, the dema for lower prices for merchandise of every kind is being accentua in the case of cigars, and in the effort to maintain quantity produ tion on a scale that will continue to afford employment for work in the industry many factories are now operating on a dangerous narrow margin, where, indeed, they are making any money at all.

It has been demonstrated beyond question that war prices cigars can no longer be maintained, and the general price tende throughout the industry is materially downward.

Nearly one-half of the cigars manufactured in the United Sta are wrapped with Sumatra leaf tobacco, which, although high price and burdened with a heavy duty, is so peculiarly suited to t wrapping of cigars and can be so favorably worked in the factory to make it practicable to employ it in the production of medium well as high priced goods. An increase of 25 cents per pound in duty on wrapper leaf tobacco will raise the cost of the 2 pounds Sumatra wrappers required to cover 1,000 cigars by 50 cents. amount which can not be absorbed by manufacturer, jobber, or tailer under existing conditions.

But this is not all. Under the present system of internal-reve taxation, adopted since the last tariff revision, cigars pay a tax o sliding scale according to retail price. Thus, for example, the ci which retails at 8 cents pays an internal-revenue tax of $6 per th sand. If, however, the retail price of this cigar is raised by

smallest fraction of a cent, the cigar immediately becomes subject to tax at the higher rate of $9 per thousand, an increase of $3.

Thus an increase of 25 cents per pound in the duty on Sumatra leaf would raise the tax-paid production cost of the popular-priced cigar $3.50 per thousand, making it imperative that the consumer shall pay more for this cigar. It will be noted that these taxes relate solely to cigars containing no imported filler tobacco. The effect of the proposed changes upon cigars manufactured with imported fillers as well as wrappers would be much more pronounced, and will be pointed out later in our discussion of the proposed rates on filler and scrap tobacco.

As it is perfectly apparent that the price of the popular cigar can not be raised under existing conditions, the cigar manufacturer, if the cost of his Sumatra wrappers is increased, would be obliged to choose between two alternatives—equally disastrous to the country at large—of reducing the wages of his employees or cutting the price he pays to the farmers who grow his binders and fillers. It is impossible to escape this conclusion, which is based upon facts demonstrated throughout the entire cigar industry.

The proposed increase in the duty on wrapper tobacco has been urged on behalf of the producers of so-called shade-grown tobacco of New England, Georgia, and Florida. While we do not pose as philanthropists, we are vitally interested in the welfare of the American farmers who grow cigar leaf tobacco other than shade-grown in the States of New England, New York, Pennsylvania, Ohio, and Wisconsin approximating 200,000,000 pounds, as well as those in New England, Georgia, and Florida growing shade approximating 10,000,000 pounds. Any increase in the duty on wrapper tobacco above the former rate of $1,85 per pound would have disastrous consequences not only for the cigar-making industry of the country but for all cigar-leaf growers.

While we are anxious to avoid any invidious comparisons, it is an undeniable fact that the producers of shade-grown tobacco in New England are to-day the most prosperous raisers of cigar leaf tobacco in the United States and do not need any more protection than they have enjoyed during the past two decades. Consumption of New England shade wrappers has steadily increased in recent years, and there is undeniably an excellent market in this country for all of this tobacco that can be raised. Any increase in the duty, therefore, is unnecessary and would only work a serious injury to the cigar trade and to the farmers who grow filler and binder tobacco. Ultimately the New England growers themselves, of which there are about 5,000 independent growers of tobacco as compared to about 25 corporations or firms raising shade, would be injured because of the reduced prices obtained for their fillers and binders.

The domestic growers of shade wrapper leaf tobacco have steadily increased their output during the past 10 years in the face of the fact that the cigar industry as a whole has remained at a standstill, a fact which shows beyond a question that they do not need more protection. Will Congress destroy a large part of the cigar industry in the hope of still further increasing the profits of a comparatively small number of growers engaged in the production of shade wrapper leaf tobacco, of which there are only about 25 in New England and in Florida?

Studied effort has been made to give Congress the impression that a large number of farmers in New England are in sore need of an increased duty on wrappers. As a matter of fact, the individual grower of leaf tobacco under shade in New England is almost a myth. Approximately 35 per cent of the shade-grown tobacco of the States is raised by a single corporation, which is also reputed to produce more than 50 per cent of the tobacco grown under shade in southern Georgia and northern Florida, the only other shade-grown district in the country.

Between 80 and 85 per cent of the production of shade-grown tobacco in New England is raised by six or eight large concerns, and the business is in no way suited to the operations of the small farmer. From $750 to $1,000 capital per acre is required to grow this tobacco, and the tendency, therefore, is to confine its production to rich corporations and firms.

The tendency of the shade-grown industry as conducted in New England is toward corporation domination and absentee landlordism and against individual enterprise and diversification of crops on the part of the farmer. That can be proven by a statement made by Mr. Sheppard, representing the New England tobacco growers, before the Ways and Means Committee last January.[1]

The shade-grown industry in New England is less than 20 years old. In the first decade following 1900 its growth under individual initiative was slow, but since 1910, under corporate direction, the acreage has increased from 1,000 to 7,000 acres. During the same decade the market price of this tobacco has risen from $1.75 to as high as $5.25 per pound for the best grades.

Mr. FLOYD. Are you sure your figures are correct?

Mr. CULLMAN. I say during that period as high as $5.25, which was, if I mistake not, the very best grade.

Mr. FLOYD. To be sold at $1.25?

Mr. CULLMAN. $1.75. I may be mistaken. I think you sold some at $1.75. We desire especially to emphasize in this connection the testimony we have on so many occasions given before committees of Congress. The various types of tobacco stand or fall on their own merits. Sumatra tobacco is used for wrappers because of its suitability in both quality and appearance. New England shade wrappers have gained the position of high-priced wrappers used by our cigar manufacturers because they have demonstrated their peculiar fitness for certain types of cigars and because the consumer demands them. Florida wrapper tobacco remains to-day what it has always been—only a poor substitute for Sumatra. It has its place, and even its special value to the industry in the manufacture of a low-priced cigar, but we believe that there is no justification for upsetting established costs and desirable conditions in a great industry in order to stimulate the production of an article which it is claimed needs a protective duty of more than $1.85 per pound.

An inkling of what may be expected to happen in the event any increase is made in the duty on Sumatra tobacco may be gathered from the fact that as a result of the increase in the price level of the latest inscriptions or auctions of this tobacco recently held in Holland there has been a reduction in the purchases of this tobacco for

[1] See pages 1384–1385, hearings before Ways and Means Committee, Jan. 20, 1921

hipment to the United States from a normal quantity in excess of 3,000 bales to approximately 18,000 bales. This shrinkage in the mount of Sumatra tobacco to be imported during the coming year, pproximating 2,500,000 pounds, caused by the increased prices, educing consumption of cigars, will represent a loss to the United States Treasury in duties of nearly $6,000,000. It is obvious that ny increase in the duty on wrapper leaf tobacco would have the ame effect as an increase in the foreign price, which promises to educe current revenues so disastrously.

We are finally convinced that if Congress will consider, on the ne hand, the present condition of the decreasing cigar industry and hat of the tobacco growers of New England, New York, Pennsylvania, Ohio, and Wisconsin, who are facing actual disaster in 921, and, on the other hand, the corporations engaged in the production of shade-grown wrappers in New England, Georgia, and Florida, it will deny the appeal for any duty on wrapper tobacco bove $1.85 per pound, not only because it is unnecessary, but because t will reduce rather than increase revenue jointly derived from ustoms duties and internal-revenue taxes on cigars.

The proposed increase from 35 to 45 cents per pound in the luty on filler tobacco promises to be even more serious to the cigar ndustry than the increase on wrappers. Havana fillers, which contitute the great bulk of the importation of this class of cigar leaf, re used not only in the manufacture of clear Havana cigars, but onstitute the most desirable filler employed in cigars wrapped with Sumatra and with practically all domestic wrappers, including the ighest grades of New England shade-grown. In the case of those igars in which Havana fillers exclusively are used, an increase of 0 cents per pound in the duty will raise the cost of production approximately $2 per thousand, as 20 pounds of fillers per thousand igars is consumed. Of course, such an addition to the cost of production could not be absorbed by the manufacturer, nor could it ossibly be passed on to the consumer, as it would involve a higher nternal revenue tax, making a net increase of no less than $5 per housand, which, in the case of the Sumatra-wrapped cigar or that overed with New England shade-grown, would be increased 50 ents additional because of the higher duty on the wrappers. Any ttempt to secure such an advance in the retail price would meet with isastrous failure and would heavily curtail consumption and production and therefore both internal revenue and customs collection. Thus the proposed increase in the fiiller rate would force the manufacturer to resort to the same expedient that would be made necessary by a higher wrapper duty, namely, to cut the wages of his mployees or reduce the prices paid to the growers of domestic fillers, binders, and wrappers.

Any increase in the duty on filler tobacco would have an immediate and most injurious effect upon the domestic grower of shade-grown wrappers. The demand for a high-grade cigar has been met in recent years by the use of the Havana filler exclusively or a large percentage of Havana blended with the best domestic fillers and wrappers with Connecticut shade-grown leaf. Should manufacturers of these cigars be forced to the expedient of reducing the amount of Havana fillers in these goods, the reputation of the Con-

necticut-wrapped cigar would speedily be destroyed and its consumption materially reduced. This is a consideration of overshadowing importance because of the prominent position which this cigar has come to occupy during the last 10 years, owing to the liberal use of Havana tobacco in its manufacture.

So far as we are advised, there has been no suggestion that the proposed increase in the duty on filler tobacco would be of advantage to any class of domestic cigar-leaf growers. It is a well-known fact that there is absolutely no competition between imported and domestic fillers because of the great difference in the two types of tobacco. On the contrary, the importation of Havana fillers has stimulated the production of domestic leaf not only for wrapper purposes but to make satisfactory blends with imported fillers.

We trust that Congress has not gathered the impression that the duty on imported fillers is a matter of less consequence to the domestic cigar trade than the rate on wrappers, because of the fact that no representations have heretofore been made concerning this item. The trade was led to believe by the action taken on the emergency tariff bill that no increase on filler tobacco was contemplated, a belief which we submit was justified in view of the serious menace to our industry obviously involved in any proposition to increase the cost of Havana fillers.

The proposed increase in the duty on scrap tobacco from 35 cents to 55 cents per pound would also deal a serious blow to the cigar industry and particularly to those manufacturers who employ Havana fillers in the production of their goods. The great bulk of imported scrap tobacco is of Cuban origin and is used in combination with domestic filler leaf in the production of a cigar of excellent quality at a price within the reach of the masses. This cigar could not possibly be made under a higher rate of duty on scrap tobacco.

We would further call your attention to the fact that it is unfair and illogical to raise the duty on scrap tobacco for the reason that the rate of 50 cents per pound, fixed by the present law on stemmed filler, provides a differential of 15 cents per pound, which was specifically designed to take care of the stems and scraps. To illustrate: 100 pounds of unstemmed tobacco, at a duty of 35 cents per pound would pay the Government $35 or exactly the same amount of revenue that would be derived from the importation of 70 pounds of stemmed tobacco—the net result of stemming 100 pounds of leaf—at the rate of 50 cents per pound. It will thus be seen that there is no justification for the present rate of duty on scrap tobacco of 35 cents per pound, and that in fairness to all concerned it should be lowered rather than increased. As a matter of fact, if the total revenue derived were the only consideration, it would be to the advantage of the Government to admit scrap tobacco free of duty. Of course, we do not urge this but merely state it as an economic fact.

A consideration of overshadowing importance as to this proposed increase in the duty of scrap tobacco is the incontrovertible fact that the addition of 20 cents per pound would prove prohibitory. The Ways and Means Committee appears to have overlooked the fact that prior to the passage of the Underwood-Simmons Act of 1913 the duty on scrap tobacco was 55 cents and operated to exclude this form of cigar leaf. The act of 1913, however, reduced the scrap rate to 35 cents, with the result that substantial quantities of scrap to-

bacco have been imported and blended with domestic fillers in the production of a very acceptable low-priced cigar, covered with domestic binders and wrappers. Should the 55-cent rate be restored at this time, there can be no doubt whatever that it would operate merely to cut off the customs revenue now derived from scrap tobacco, reduce the quality of the moderate-priced cigar of good flavor, and substantially decrease consumption and production, thus causing a heavy shortage in the internal revenue from this class of goods.

We are fully alive to the necessities of the Government in the way of revenue, but we are confident the present customs duties on cigar-leaf tobacco and the internal revenue taxes on cigars are substantially above the revenue point. No wise business man would follow the policy of unnecessarily adding to the cost of a product, the sale of which he desires to increase, and it is submitted that the Government has much more to gain from a farsighted policy of taxation that will stimulate the cigar industry, increase consumption, and thus increase the internal revenue, while at the same time benefiting the industry and all those dependent upon it, than by adding burdens that only mean serious depression, if not absolute ruin.

The figures we have quoted showing the expansion of the cigarette industry graphically illustrate this point. The internal-revenue tax on cigarettes made during the fiscal year 1900 netted but $3,969,191, or about one-fifth the amount paid on cigars. During the fiscal year 1920 the cigarette tax produced no less than $151,494,415, or nearly three times the amount derived from the tax on cigars. It is obvious that if a sounder policy had been adopted in the taxing of cigars and cigar-leaf tobacco during the past 20 years, an increased production would have resulted in much larger aggregate revenue, even though the rate of taxation were more moderate.

It is only necessary to compare the figures for cigar production for the first nine months of the current calendar year with those for the corresponding period of 1920 to show where the real interest of the Government lies with respect to revenue derivable from this industry. The loss to the Government in the internal-revenue tax on cigars, owing to the depression in the industry, promises to exceed $14,000,000 for the current year, an amount substantially greater than the entire customs duties on the prospective importation on cigar leaf for the coming 12 months, which probably will not exceed $5,875,000 on wrappers and $6,480,000 on fillers, or a total of $12,355,000. These figures do not take into account the almost certain shrinkage due to the increased duties imposed by the so-called farmers' emergency tariff law now in force. The addition of further burdens will unquestionably accentuate the depression now prevailing and will cause further loss of revenue. If, on the other hand, the trade is assured of favorable conditions and reasonable taxation, both customs and internal revenue, it will undoubtedly rally strongly and Congress can confidently look forward to a recovery of the lost ground and to a very substantial increase in output and revenue during the coming year.

We would, therefore, earnestly urge the amendment of the pending bill by the restoration of the rates of the existing law on both filler and scrap tobacco, and by the adoption of a rate not exceeding $1.85 per pound on wrapper tobacco. Any rates higher than those we suggest will unquestionably prove to be above the scientific

revenue point, and will afford no needed protection to any class of leaf-tobacco growers. They will serve only to further burden an industry now carrying much more than its full share of the tax load.

Mr. Fox. Mr. Chairman, I now ask permission to file for the record the resolutions and documents I referred to.

Senator McCumber. That may be done.

(The documents referred to are as follows:)

CINCINNATI, OHIO, *December 5, 1921*

CHARLES FOX,
Care W. Z. Crouse, Washington, D. C.:

The Cincinnati Leaf Tobacco Board of Trade unanimously objects to any increase in tariff duty above the old rate on cigar leaf tobacco, as it would cause disaster to the cigar industry. It would also seriously injure the cigar leaf tobacco farmer owing to a close alliance between the two. If the cigar business is good, it creates a greater demand for tobacco; hence a better price, and vice versa.

GEORGE M. BERGER, *President.*

CINCINNATI, OHIO, *December 5, 1921.*

CHARLES FOX,
Care W. Z. Crouse, Washington, D. C.:

The Cincinnati Cigar Manufacturers' Association unanimously objects to any additional tariff duties above the old rates on cigar-leaf tobacco, as the industry is taxed at its utmost, and any additional will curtail our business as well as the Government income from same.

FRED W. TREFZGER, *President.*

NEW HAVEN CONN., *December 5, 1921.*

The FINANCE COMMITTEE, UNITED STATES SENATE:

Permit me in as few words as possible to present to you the cigar manufacturers' position in regards to the proposed increase in duty on wrapper and filler tobacco.

I wish to consider especially class B and class C cigars in view of the fact that these two classes constitute the greater proportion of the entire cigar output in the United States.

Previous to the war class B and class C cigars were popularly known as the 5 and 10 cent cigars and as such enjoyed at least their normal prosperity. During the war period, because of the increases in raw material, labor, and especially because of the enormous increase of internal revenue, the cost of production forced these former 5 and 10 cent cigars into revised classes, with limitations set at 8 and 15 cents, respectively.

During the first period of readjustment to these conditions it was found that class B, or former 5-cent cigars, increased in demand to the detriment of class C cigars, but after a few months the manufacturer found that in order to maintain the standard quality of his former 5-cent cigar he was compelled to change them into class C. This for a short time gave class C a strong position as to output. The increased sales of class C proved only temporary, however, as the change in classification demoralized standard values. As a result the production of both class B and C have been diminishing, especially during the past nine months.

Here in New England the old popular seed and Havana 10-cent cigar, now in class C selling at 13 to 15 cents, is filled with all-Cuban filler wrapped with either Connecticut or Sumatra, and the former 5-cent cigar, now 8 cents, is filled with domestic filler and wrapped with Sumatra or domestic leaf. It is a fact that the larger proportion of class C cigars here are filled entirely with Cuban tobacco, and it requires from 18 to 20 pounds of filler, subject to shapes and sizes, to produce 1,000 cigars, so that the proposed increase of 10 cents per pound would mean an increased cost of $1.80 to $2 per thousand. These cigars are sold to the retail dealer at from $95 to $108 per thousand and in

turn sold to the consumer at 13 cents or two for 25 cents. This does seem primarily too small a profit for the retail dealer who, in the face of contemplated increases, is demanding standard goods at less cost.

This condition has caused many manufacturers throughout the cigar industry to blend or mix class C cigars using part Cuban and part domestic filler. But even with all the attempted experiments the output of classes C and B have been and are to-day rapidly diminishing. The cigar industry is laboring under the tremendous cost of production while the consumer has, through economy or other reasons, either chosen the pipe or cigarette. It is evident that the consumption of cigars has not kept pace with the increase of population in the past 20 years.

The unemployment of cigarmakers is another very serious proposition which must be considered. Some local unions realizing the ever lessening demand for workers have voluntarily accepted wage decreases of from two to three dollars per thousand in order to stimulate sales. This fact proves the seriousness of the situation. It is the first time in the history of the Cigarmakers International Union where locals have been permitted to voluntarily reduce their wages. In the event that this proposed increase on Havana filler is accepted the employees' sacrifice has been to no avail.

In summing up conditions as they actually are it seems most unreasonable to revise taxation in a way that will further burden an industry already overburdened. The cigar industry to-day is fighting a noble battle to hold its own in the face of many obstacles. For months past records show that it is a losing fight. Surely there can not be an advantage to either the United States Treasury, the manufacturer or the employees of the industry to cause a further falling off of consumption which will be the inevitable result of the proposed taxation.

Respectfully submitted.

F. D. Grave.

Lancaster, Pa., *December 7, 1921.*

Hon. Boies Penrose,

Chairman, and Members of the Senate Finance Committee.

Gentlemen: In reference to the rate of duty on Sumatra and Havana tobacco, as it shall be written in the permanent tariff bill: Coming, as I do, from Lancaster County, Pa., where for generations our farmers have been producing tobacco and have gone to great expense to equip their farms with suitable curing barns and dampening cellars and have their land in the highest state of cultivation. Tobacco produced on our farms is used as a filler in a moderate-priced cigar. For this reason our farmers have never received the fancy prices that many other sections of our country have; but they are a hard-working, frugal class of people, and as a rule have prospered. Ninety per cent of our tobacco, or thereabout, goes into cigars that are wrapped with Sumatra tobacco. Should the permanent tariff be written for more than $2 per pound, and this is even going to work a hardship, but represents the very highest duty that the trade will be able to absorb, it is going to be a mighty burden and a heavy loss to our Lancaster County farmers. The manufacturer must and will have Sumatra. He can not raise the price of his cigars at this time, for he is in a very tight fix at present, with the public demanding cigars at a lower price. What must be the result? Either he must demand a reduction in the price of his filler and binder, reduce the quality of his cigar—and that will kill the brand—or cut down his production, which will happen if he raises his price, for consumption will fall off. This will mean that our manufacturers will use less Sumatra, and our Government will lose the revenue. In the same way would we be affected by a higher duty on Havana tobacco from the island of Cuba. Pennsylvania tobacco, on account of its mildness, is an ideal combination with Havana. Raising the duty would force the manufacturer to get a reduction some place to keep his cigars at a certain price and standard, and our Pennsylvania farmer again would be the loser.

Now, gentlemen, the tobacco and cigar industries are in a very precarious condition, and are in no position to assume additional burdens, and I pray you to give the above facts careful consideration.

Respectfully submitted.

Lancaster Leaf Tobacco Board of Trade,
William H. Rauch, *President.*

RESOLUTIONS OF THE PHILADELPHIA LEAF TOBACCO BOARD OF TRADE, OCTOBER 27, 1921.

Whereas the new tariff bill (H. R. 7456) recently passed by the House of Representatives makes material increases in the rates of import duties on cigar leaf tobacco; and

Whereas the cigar and leaf tobacco industries are now overburdened by import duties and internal revenue taxes to the extent that they have been practically at a standstill for the past 20 years: Therefore be it

Resolved, That the Philadelphia Leaf Tobacco Board of Trade urges the Finance Committee of the United States Senate to amend the tariff bill (H. R. 7456) by the substitution of the rates in force previous to the passage of the emergency tariff bill.

PHILADELPHIA LEAF TOBACCO BOARD OF TRADE,
Philadelphia, Pa., October 27, 1921.

Hon. BOIES PENROSE,
United States Senate, Washington, D. C.

DEAR SIR: We, the members of the Philadelphia Leaf Tobacco Board of Trade, respectfully, but most emphatically, wish to protest against any increase in the import duties on cigar leaf tobacco and beg to call your attention to the following facts in support of our contention.

We understand that the purpose of the proposed tariff revision is to stimulate American industry, and ours is an industry which is certainly in most serious need of a stimulus. The leaf tobacco and cigar industries of this country are now overburdened with import duties and internal revenue taxes and as a consequence have been practically at a standstill for the last 20 years, as can be readily verified by the reports of the Internal Revenue Department. What little expansion there has been has not even kept pace with the increase in the population of the country.

Any increase in the duty on cigar leaf tobacco would completely demoralize the entire industry, as the wages of cigar makers, the prices paid for domestic fillers and binders and the retail prices of cigars are all predicated on the present import duties. It follows, therefore, that the industry can hardly hold its own, much less expand, if there should be a substantial increase in the cost of its raw material.

An increase in the duty on cigar leaf tobacco could not be absorbed by the cigar manufacturer, but would result in an increase in the retail prices of cigars. In the case of many brands now selling on a small profit basis it would force them into a higher retail-price classification, thus raising the internal revenue tax thereon and necessitating a further advance in the price to cover this tax. Naturally these increases would restrict production, cut cigar makers' wages, and reduce the prices paid for cigar leaf tobacco to the farmers of Pennsylvania, Ohio, Wisconsin, New York, and Connecticut.

The former rates of duties on cigar leaf tobacco afford ample protection to the domestic grower. As far as the duties on fillers is concerned, the domestic grower receives no injury at present, because there is really no competition between his product and the imported one. Practically all the imported filler tobacco used in the manufacture of cigars in this country comes from Cuba. It is used principally to blend with domestic fillers and does not compete with the latter in any manner whatsoever. Any decrease in the importation of Cuban fillers would really result in a decrease in the consumption of domestic fillers. We should therefore encourage rather than discourage the importation of Cuban fillers.

Furthermore, Cuban tobacco is such as high-priced article that any increase in duty would result in either a tremendous decrease in its consumption, thereby reacting on the consumption of domestic fillers, as stated above, or, if consumed in any quantity, would reduce the price the manufacturer could afford to pay for the domestic filler used to blend with it, as it is impossible for him to increase the price of his cigars.

As for wrappers, the former rate of duty of $1.85 per pound affords ample protection to the domestic grower of wrapper leaf tobacco, as shown by the fact that the production and consumption of domestic wrappers has increased enormously in recent years, and their prices have advanced out of all proportion to those of other tobaccos. As a matter of fact, it is the only branch of the industry that has steadily expanded and therefore does not need additional protection.

If the above facts are true, it is evident that any increase in duties will so ncrease the cost of cigars as to necessitate an increase in the retail price of the inished product. Any attempt to raise cigar prices will decrease the output of he industry to such an extent as to cost the Government far more in the reduc-on in returns from internal-revenue taxes on cigars than it would gain in the ncreased duties on cigar leaf tobacco. Furthermore, owing to the reduction in he consumption of cigars, the importation of Sumatra and Cuban cigar leaf obacco would be greatly curtailed, so that in all probabilities there would be in actual loss in revenue to the Government.

We also beg to call your attention to the fact that the cigar and tobacco indus-ry now pays in stamp and import taxes over $310,000,000 annually, without ounting the income and other taxes paid by those engaged in the business. This, we submit, is far more than its fair proportionate share of the taxes ow levied by the Government, and it would be manifestly most unjust to urther burden it with any increases in duties or taxes.

Is Congress willing, therefore, to reduce the income of the Government, to increase the burden on the consumer, to lower the wages of cigar makers, to demoralize the entire cigar-manufacturing industry, and to injure the growers of domestic cigar leaf tobacco? Would not this be a most glaring instance of taxing an industry out of existence?

In conclusion, therefore, we would most earnestly urge that the pending bill be amended by the substitution of the rates of duties in force before the enact-ment of the present emergency tariff bill.

Very respectfully, yours,

JOHN R. YOUNG, Jr., *Secretary.*

CIGAR MANUFACTURERS' BRIEF AGAINST INCREASED DUTIES ON WRAPPER, FILLER, AND SCRAP TOBACCO.

Upon the demand of probably less than 100 tobacco growers, raising what is commonly but erroneously known as American Sumatra, and what is in fact, shade-grown wrapper tobacco, the House raised the duties on imported wrappers from $1.85 per pound to $2.10 for the unstemmed, and from $2.50 per pound to $2.75 for stemmed wrappers.

At the same time, and, apparently, upon no demand or suggestion from any tobacco grower, the House increased the duties on unstemmed filler tobacco from 35 cents per pound to 45 cents, and on stemmed filler from 50 cents to 60 cents per pound; also on scrap tobacco from 35 cents to 55 cents per pound. The present rates on fillers having been in force since 1882 and on scrap since 1913.

It is to be noted that the duty on wrapper tobacco was recently raised by the emergency tariff act without any previous notice or intimation to the cigar manufacturing trade, and without an opportunity to be heard. But as that act is merely of temporary nature, we are referring in this memorandum to the rates in force prior to its enactment and since 1898.

These increases in duties were passed by the House in spite of the facts—

That the whole cigar trade is in the throes of serious depression.

That its business since last December has declined over 20 per cent.

That 5,846 cigar manufacturers have gone out of business since 1914.

That the taxes on cigars have been raised since the war from a fixed rate of $3 per thousand to a graduated scale from $4 to $15 per thousand.

That at not time during the prosperous war days, while leaf tobacco increased from 64.08 per cent on Ohio tobacco, 196 per cent on Wisconsin, to 200 per cent on shade grown, and while the cost of labor, overhead, packing material, and all other items that go into the finished cigars, similarly climbed up to war-time prices, did the maximum increase in retail prices of cigars exceed 60 per cent of the prewar prices.

That the cigar industry has not only failed to keep pace with the growth of all other industries in this country, but that as a matter of fact our withdrawals for consumption in the fiscal year ending June 30, 1907, exactly 15 years ago, amounted to a little more than our withdrawals for consumption during the last fiscal year, as will be seen from the following figures:

Withdraws for consumption during the fiscal year ending—	
June 30, 1907	7,490,144,793
June 30, 1921	7,480,929,380
Decrease	9,215,413

Thus in the last 15 years the cigar industry shows a loss of 9,000,000 cigars.

And moreover not only did the number of cigars consumed in the last fiscal year fall below the consumption of 15 years ago, but the volume of business in dollars and cents has been alarmingly decreasing since last year.

The business on the higher priced cigars—that is, cigars retailing above 5 cents each—has been steadily going down, while those retailing at 5 cents or less, designated as class A, have been going up taking the place of the more expensive types.

A comparison of the withdrawals in October, 1921 (which is the last official report that we have), with the withdrawals in October, 1920, will be sufficient to demonstrate this point.

In October, 1920, class C cigars, retailing at between 8 and 15 cents, amounted to almost 46 per cent of the entire cigar business. In October, 1921, the same class of cigars went down to 39 per cent. Class B, the cigar that sells at between 5 and 8 cents each, constituted 28 per cent of the aggregate volume of business in October, 1920, and in the same month of this year it went down to 25 per cent; while class A cigars, which sell to the consumer at 5 cents and less, climbed up from 23 per cent in October, 1920, to 33 per cent in October last.

Thus cigars selling at 5 cents or less have gained 10 per cent of the whole cigar business, taking the place of the loss of business on grades of cigars that sell between 5 and 15 cents.

Surely these outstanding facts should be sufficiently convincing that the cigar industry can not stand the slightest increase in taxes, whether in the form of tariff duties or internal revenue.

The whole story of the cigar industry is told in the following chart:

DUTIES ON WRAPPERS.

As against the plea on behalf of 11,496 cigar manufacturers, there was a demand of the Connecticut, Florida, and Georgia farmers raising shade-grown tobacco, all told not more than about 100 in number, for an increased duty on imported Sumatra in order, as they claimed, to protect their shade-grown wrappers, which are sometimes erroneously referred to as "American Sumatra."

Do they really need additional protection because imported Sumatra is competing with their product? We emphatically say, "No."

They have raised their tobacco from $1.75 per pound in 1914 to $5.25 per pound in 1920 (House tariff hearings, p. 1580), in spite of the steady importation of Sumatra. (The present price being about $4 per pound.) They have increased production of Connecticut shade-grown wrappers from 1,200,000 pounds in 1910 to 7,467,000 pounds in 1918, the continued use of imported Sumatra notwithstanding (House tariff hearings, p. 1556). Subsequent figures which are not yet available will undoubtedly show a still further increase.

Do these facts show that they need additional protection? Certainly not.

What then is their motive for demanding additonal protection?

The answer is found in their own testimony.

Thus, at the House tariff hearing Mr. W. E. Smith, one of the tobacco growers' spokesmen, testified:

"Q. Mr. Garner. Mr. Smith, really what you want is $2.85 a pound levied as a tax at the customhouse on foreign importations in order that——

"A. Mr. Smith. On wrappers.

"Q. Mr. Garner. That you may get a better price for your tobacco?

"A. Mr. Smith. Yes, sir."

The cigar manufacturers have raised the prices of their products since the prewar times to a maximum of 60 per cent, while the growers have advanced their shade-grown wrappers during the same period from $1.75 in 1914 to $5.25, or 200 per cent, in 1920, the price is still maintained at $4 per pound, which is an increase of 129 per cent, and they ask for increased duties for the conceded purpose of getting still higher prices for their wrappers.

Indeed, this is not the first time that the very same tobacco growers' association demanded increased duties on wrapper tobacco, nor is their present argument in support of their demand altogether new. In 1913 they appeared before the Ways and Means Committee and submitted a similar demand, based upon the same reasoning, as may be seen from the following quotations of the arguments on both occasions:

EXCERPTS FROM THE BRIEF OF THE NEW ENGLAND TOBACCO GROWERS' ASSOCIATION FOR INCREASED DUTIES ON WRAPPERS.

1913.

[House tariff hearings, p. 2531.]

These expensive methods, worked out by the Government at an enormous expenditure of the people's money, have been, under the present customs tariff on wrapper tobacco, adopted to a large extent by many of the agriculturists in the several tobacco-producing States who have invested millions of dollars in proper lands for its growth, buildings, and equipment for its production, that a cigar wrapper leaf tobacco that would represent the most advanced type of wrapper might be produced that would acceptably take the place of the leaf now so largely imported. And we respectfully submit that such a leaf has been developed in this country and is being produced in increasing quantities from year to year and without the rate of customs duty now collected from such imported leaf it would be no longer possible for us to produce this high-grade, expensive cigar leaf, without which the labor and expenditures of this Government for years and the millions already invested by the American people in this industry would be forever lost, and the lands and property used in its production practically valueless.

1921.

[House tariff hearings, p. 1598.]

These expensive methods, worked out by the Government at an enormous expenditure of the people's money, have been, under the present customs tariff on wrapper tobacco, adopted to a large extent by many of the agriculturists in the several tobacco-producing States. The New England and Florida agriculturists have developed a cigar-wrapper leaf of the most advanced type and have invested their money in land, buildings, and equipment for the purpose of growing and marketing the product. Unless sufficient protection is maintained, the millions already invested by the American people in this industry will be forever lost, and the lands and property developed for the growth of tobacco will become practically worthless.

THE UNJUSTNESS OF THEIR CONTENTIONS.

Thus they argued in 1913, as they now contend, that unless the duty on wrapper be raised, the shade-grown industry would be destroyed. The duty was not raised in 1913 or since then, and yet the production of shade-grown wrapper in Connecticut alone has grown from approximately 2,000,000 pounds in 1913 to over 7,000,000 pounds, the present yield, while the prices have, during the same period, advanced from $1.75 per pound to $5.25 per pound. It may be noted here that the price has since been reduced to $4 per pound.

The fact is, as is clearly demonstrated in our brief (House tariff hearings, p. 555), that imported Sumatra does not compete with shade-grown wrappers, which are sometimes called American Sumatra. The former is used for one type of cigars, while the latter is used for an entirely different type of cigars. Neither is used as a substitute for the other.

These growers raising largely the shade-grown type of wrappers, which, as already stated, are commonly but erroneously known as American Sumatra, still contend as they contended years ago when the development of shade-grown tobacco in this country was first entered upon—that they must have higher tariff duties on Sumatra wrapper in order to protect the shade-grown industry. But their contentions are clearly refuted by the very growth of the shade-grown industry within the last 10 years or so, the importations of Sumatra notwithstanding.

Thus, as will be seen from the following tables covering a period of 10 years, from 1910 to 1920, that while we have continued to import Sumatra at the rate of between six and seven million pounds per annum—which is sufficient to cover between three and three and one-half billions of cigars, or between 40 and 47 per cent of our entire consumption of cigars—the shade-grown industry in the Connecticut district alone, which includes Massachusetts, has grown from

1,000 acres under cultivation in 1910 to 6,150 acres in 1918, and undoubtedly a still larger acreage in 1920 (the figures for 1919 and 1920 not being available), with an increased yield of wrappers from approximately 1,200,000 pounds in 1910 to 7,467,000 pounds in 1918.

We have no official figures showing the production of shade-grown tobacco in Georgia and Florida for the same period, as no official statistics in that respect have been published. But according to the report of the department of agriculture of Florida it appears that in 1917-18 Florida produced 2,123,427 pounds of shade-grown tobacco.

The Federal Department of Agriculture also reports a total production of cigar tobacco in Florida and Georgia in the year 1919 amounting to 5,890,[illegible] pounds, the great bulk of which, as we know, was wrappers; so that, adding the production of wrappers in Georgia and Florida to the 7,000,000 pounds of wrappers produced in Connecticut, it would show a total production of wrappers amounting to over 12,000,000 pounds. And all of that enormous production of a type of wrapper, which it is claimed competes with the imported Sumatra, has developed within the last 10 years, while our importations of Sumatra were kept up almost at a uniform rate of between 6,000,000 and 7,000,000 pounds per annum.

It is thus clearly shown that the importation of Sumatra wrappers has in no way interfered with the development of shade-grown wrappers in this country.

Acreage of shade-grown tobacco in the Connecticut Valley.

	Acres grown.		Acres grown.
1900	⅛	1910	1,[illegible]
1901	41	1911	1,[illegible]
1902	720	1912	1,[illegible]
1903	645	1913	1,[illegible]
1904	33	1914	2,[illegible]
1905	40	1915	3,[illegible]
1906	40	1916	4,[illegible]
1907	70	1917	5,[illegible]
1908	200	1918	6,[illegible]
1909	400		

NOTE.—If it is desired to ascertain the quantity of shade-grown tobacco produced, the desired result can be secured by multiplying the acreage given by about 1,200, which is the average yield per acre.

Fiscal year.	Imports of leaf suitable for cigar wrappers.				Total number of cigars manufactured (calendar year)
	Sumatra from the Netherlands and Dutch East Indies.	From Cuba.	All other.	Total number of pounds imported.	
1910	6,383,926	58,798	196,002	6,639,766	6,810,[illegible]
1911	5,721,447	44,391	190,938	5,956,776	7,04[illegible]
1912	6,290,499	69,003	110,510	6,470,012	7,04[illegible]
1913	6,193,042	93,914	111,826	6,398,782	7,5[illegible]
1914	5,846,504	155,139	91,114	6,092,757	7,17[illegible]
1915	7,061,943	79,706	99,529	7,241,178	6,[illegible]
1916	4,963,761	68,644	37,903	5,070,308	7,04[illegible]
1917	3,617,882	135,751	188,303	3,941,936	7,5[illegible]
1918	4,243,408	180,739	91,197	4,515,344	7,0[illegible]
1919	7,553,946	44,254	409,522	8,007,722	7,0[illegible]
1920	7,044,766	34,301	249,652	7,328,719	[1] 8,[illegible]

[1] Figures of production not yet available. This represents the number of cigars [illegible] drawn for consumption during the fiscal years ending June 30. All other figures [illegible] production are for the calendar year.

THE DIFFERENTIAL UNDER THE OLD DUTY IS AMPLY SUFFICIENT TO PROTECT HOME GROWN WRAPPERS.

A great deal has been said about the difference in the cost of producing domestic shade-grown wrappers and imported Sumatra wrappers. It seems to [illegible]

however, that the important question to be considered is not what it costs to produce shade-grown wrappers as against the cost of imported Sumatra, but the difference in the cost of covering a thousand cigars with either of the two types of wrappers, for manifestly the cost of the wrapper on a cigar, like the cost of all other material, must ultimately be reflected in the price of the finished cigar.

At the present prices of both shade-grown and Sumatra a thousand 10-cent or higher-priced cigars can be readily covered with shade grown wrappers at a cost of between $8 and $9, while to cover the same grades of cigar selling at the same prices with imported Sumatra, dutiable at $1.85 per pound, costs between $10 and $12 per thousand.

It is entirely immaterial what it costs to produce shade-grown wrappers, for the fact is that manufacturers desiring to use the imported Sumatra on their 10-cent or higher priced cigars must pay between $2 and $3 more to cover a thousand cigars than it would cost them to cover the same cigars with the domestic wrappers.

Here, then, is a differential of between $2 and $3 in the cost of wrappers for a thousand cigars under the old tariff of $1.85 per pound, which, I believe, is more than sufficient to protect the shade-grown industry.

In regard to the lower priced cigars—that is, cigars retailing at between 5 and 10 cents—shade-grown wrappers are in no way an important factor, for most of these grades of cigars are and necessarily must be covered with imported Sumatra, because shade-grown wrapper does not mix well with filler tobacco grown in the United States. No manufactuer is known to have ever succeeded in making a combination of shade-grown wrappers with domestic fillers and producing a satisfactory cigar.

Most shade-grown wrappers are used on cigars containing Havana fillers, Porto Rico fillers or a blend of the two—on cigars which can not be sold at less than 10 cents, shade-grown tobacco therefore does not come into serious competition with the imported Sumatra that is used on cigars that are selling below 10 cents.

Surely, as between the comparatively few wrapper growers producing about 10,000,000 pounds of tobacco per annum, out of a total of about 1,500,000,000 pounds raised in this country, and cultivating about 10,000 acres out of a total of 1,900,000 acres of tobacco land under cultivation, on one side, and the 11,496 cigar manufacturers, employing 200,000 laborers and using approximately 154,000,000 pounds of tobacco per annum, on the other side, the interest of the latter are of far greater importance to the country's commerce and industry than that of the former.

DUTIES ON FILLERS.

What we have said in regard to the increased duties on wrappers applies with equal if not more force to the increased duties on filler tobacco, whether in leaves or in scrap.

The increases in duties of 10 cents per pound on the leaf fillers and 20 cents per pound on scrap fillers would add to the cost of production from $2 to $2.50 per thousand on cigars containing 100 per cent Havana filler and a proportionately smaller amount on blended cigars mixed with Havana fillers.

We believe that we have already demonstrated that the cigar industry can not possibly absorb these added items to the cost of production.

Surely, in face of the loss of over 20 per cent of cigar business since last November, bringing the cigar industry back to where it was about 15 years ago, there can not be added 1 cent to the selling prices of cigars without bringing disaster to the industry.

These additional duties would only force manufacturers to reduce the quantity of Havana fillers used in their cigars, thus changing the quality of their merchandise and ruining, if not altogether destroying, established brands or trade-marks of immense value.

The Government will surely receive no additional revenue from these increased duties, while the industry would suffer incalculable injury, not speaking of the fact that millions of cigar consumers would necessarily be deprived of the enjoyment of the smokes of the quality that they have been accustomed to.

As far as the records show, no American tobacco grower has asked for any additional protection on filler tobacco. No American farmer has complained that the imported cigar fillers are hurting American tobacco growers.

SCRAP TOBACCO—WHAT IT IS, WHAT IT IS USED FOR, AND THE DUTY THEREON

The word "scrap" as applied to tobacco is by no means used as an arbitrary or fanciful designation, it is used in its true literary sense to describe the ofa the shorts, the fragments, the scrap, or the left-overs from the tobacco leaves placed in cigars.

Manifestly, the scrap of tobacco, like the scrap of all other substances, can not possibly have the value of the original material that it comes from, nor can the article made up of scrap have as much value as an article made up of the material in its original form. And so in the tobacco industry, imported scrap is used for the cheaper grades of cigars and in little cheroots that sell at from 30 to 35 cents per package of 10.

The pending tariff bill provides for an increase in the duty on scrap tobacco from 35 cents to 55 cents per pound. Using about 12 pounds of scrap to a thousand cigars, the increased duty would add about $2.40 per thousand to the cost of production of cigars made of imported scraps.

Scrap is also a manufactured tobacco put up in small packages for sale to the consumer for chewing or pipe smoking. But the quantity of imported scrap used for that purpose is indeed insignificant. However, had this provision for increased duty on scrap tobacco been framed to apply only to manufactured tobacco put up in packages ready to be sold to the consumer in competition with domestic manufactured scrap tobacco there would, of course, be no objection. But, according to the language of the paragraph, the increased duty applies to both "manufactured or unmanufactured tobacco." Thus, scrap tobacco imported into this country by cigar manufacturers purely as filler tobacco to be used in the manufacture of cigars would be subject to the additional duty of 20 cents a pound.

No American tobacco grower has asked for additional protection on the tobacco imported from Cuba, for it is indeed well recognized that the importation of Cuban tobacco is a benefit rather than a detriment to American tobacco because it is the Cuban tobacco when used as a blend with domestic tobacco that gives the cigar a flavor or aroma that can not be obtained in any other way.

Indeed, we can hardly understand the attitude of the Ways and Means Committee in raising the duty on Sumatra wrapper and on scrap fillers, both of which are used in the poor man's smokes. The great bulk of Sumatra wrapper is used on cigars selling at 8 cents or less, while most of the imported scrap tobacco is used in cheroots or little cigars selling at less than 5 cents each (10 for 35 cents). It is needless to say that the margin of profit on these cheap articles must necessarily be exceedingly small, and that neither the manufacturer nor the jobber or retailer can absorb the least increase in cost or taxes.

Why, then, impose these additional burdens on the cigar industry, when as it must be clearly apparent, the manufacturer can not possibly absorb them? And to shift them on the consumer would mean a still further decline in business, which must not only result in disaster to the industry, but in a minimized revenue to the Government as well.

THE SMALL MANUFACTURER.

There is another phase of the situation to be considered—that is, the position of the small manufacturer. The big manufacturer, who makes several hundred million cigars a year, may be able to get along with a small profit, although operating on a small margin of profit in the tobacco business, where any change in atmospheric conditions or any slight mistake in the treatment of the tobacco may cause sufficient deterioration of the material to wipe out the entire profit and produce a substantial loss—is like skating on thin ice. But can the little fellow, who makes 10,000 cigars a week or 500,000 cigars a year, exist unless he makes a reasonable profit?

It will be seen from the records of the Internal Revenue Department that while there were 17,137 cigar manufacturers in business in 1914, there were only 11,291 manufacturers in business in 1919. Thus, 5,846 manufacturers have gone out of business since the war. What was the cause of it? The explanation is, indeed, simple. While the big manufacturers were able to withstand the increased cost of production and the higher rates of taxes, with the increased capital necessarily required in the carrying of high-priced material

ecause of their large outputs, the small man could not stand it and hence his nforced retirement from business.

Any incease in duties on wrappers, fillers, or scraps would impose a further ardship upon the small man not only because of the curtailment of his already inimized profit, but because of the additional cash investment required in the ayment of the increased duties.

This phase of the situation is respectfully brought to your attention not erely as a plea for the small man, but for the purpose of demonstrating the loseness of the margin of profit under which we have been operating since the ar. For with a reasonable profit on the business the small man can readily hrive, prosper, and succeed in spite of the competition of the large concern, ut with the profits minimized, as they have been minimized since the war, he difficulties of the small man were, indeed, more than he could stand, as is videnced by the fact that over 33 per cent of the small manufacturers have ithdrawn from the business since 1914.

ADDITIONAL DUTIES SHOULD BE ELIMINATED.

In view of the facts and circumstances thus presented, we respectfully urge hat any increase in the tariff duties on tobacco would cause disaster to the ndustry, as well as loss of revenue to the Government, and would in no way enefit the American tobacco growers, whose interests are more than sufficiently rotected under the present tariff rates, for the imported tobacco not only does ot compete with the domestic tobacco but is indeed essential in order to keep p our present rate of consumption.

All of which is respectfully submitted by Cigar Manufacturers Committee of he Tobacco Merchants' Association of the United States.

CHAS. J. EISENLOHR, *Chairman.*
CHARLES DUSHKIND, *Counsel.*

Committee: Charles J. Eisenlohr, president Otto Eisenlohr & Bros. (Inc.). hiladelphia, chairman; R. J. Plate, secretary Deisel-Wemmer Co., Lima, Ohio; . H. Kraus, secretary Kraus & Co. (Inc.), Baltimore, Md.; Fred Hirschhorn, resident General Cigar Co., New York; Abraham I. Lewis, I. Lewis Cigar anufacturing Co., Newark, N. J.; Harvey L. Hirst, secretary Bayuk Bros. Inc.), Philadelphia, Pa.; Leonard Wertheimer, Wertheimer Bros., Baltimore, Md.; A. L. Sylvester, president American Cigar Co., New York, N. Y.; Jacob azer, secretary Mazer Cigar Manufacturing Co., Detroit, Mich.; Jacob Loeb angsdorf, president Antonoi Roig & Langsdorf, Philadelphia, Pa.; Joseph ier, Swift Cigar Co., Detroit, Mich.; George H. Hummel, vice president P. orillard Co., New York, N. Y.; John H. Fendrich, H. Fendrich (Inc.), Evansille, Ind.; Julius Klorfein, Julius Klorfein, New York, N. Y.; G. W. Van Slyke, resident G. W. Van Slyke & Horton, Albany, N. Y.; Moritz Haas, Haas Bros., incinnati, Ohio; D. Emil Klein, president Consolidated Cigar Corporation, New ork, N. Y.; Milton S. Heineman, Heineman Bros., Baltimore, Md.; Morris D. eumann, of Morris D. Neumann & Co., Philadelphia, Pa.; Mortimer Regensurg, E. Regensburg & Sons, New York, N. Y.

(For further details we respectfully refer to the brief filed by this committee with the Committee on Ways and Means, House Tariff Hearings, p. 1554.)

STATEMENT OF MARCUS L. FLOYD, REPRESENTING THE NEW ENGLAND TOBACCO GROWERS' ASSOCIATION AND THE FLORIDA AND GEORGIA TOBACCO GROWERS' ASSOCIATION.

Mr. FLOYD. Mr. Chairman and gentlemen, I think in coming here I probably represent one of the most important industries in this country, and that is the production of cigar-leaf tobacco. I want to say to that part of the committee that is here, and I will not make any apology to the part that is not here, that in order to stand well with you gentlemen I am going to tell you that I will not take up more than 10 minutes of your time. There are certain things that I want to call your attention to, but I will be very brief.

There is a letter here addressed to your chairman, with some figures attached to it, that I would like to have inserted in the record at this point.

Senator McCUMBER. That may be done.

(The documents referred to are as follows:)

AUGUST 18, 1921.

Hon. BOIES PENROSE,
Chairman Committee on Finance, United States Senate.

MY DEAR SENATOR: I herewith beg to hand you a memorandum showing comparative costs of raw material that enters into the manufacture of cigars. These figures show clearly that all grades of cigars, from the cheapest up to and including the 2-for-25-cents class, can be manufactured for a much less cost than obtained during the years 1919 and 1920.

Of course, the manufacturer does and will claim that he is stocked up with raw material purchased at prevailing high prices of 1919 and 1920, which in many cases is probably true. However, the decrease in cost of labor applies now and far more than offsets the advance in import duty we are asking for. Again, it must be borne in mind, we do not ask advanced import duty on tobaccos they do not own and have in stock, but on tobaccos which they will buy and bring into this country, tobaccos that no doubt will be purchased for much less money than the tobaccos they now have in stock.

Our statement shows that values of domestic leaf, whether wrapper, binder, or filler, have shrunk at least 20 per cent, while Porto Rico and Cuba leaf have shrunk in value from 30 to 40 per cent. Therefore, the claim on the part of the manufacturer, that if the import duty is changed from $1.85 to $2.50 per pound, it will force the so-called 8-cent cigar into a 9-cent class. This claim is preposterous and unjustifiable.

In my statement before the Ways and Means Committee of the House I called attention to the fact that a manufactured cigar was purely a fancy article, without intrinsic or fixed value. The making of prices on the part of the manufacturer is largely arbitrary. For example, a cigar that retails for 5 cents to the consumer may have been bought by the jobber from the manufacturer at anywhere from $28 to $32 per thousand. This cigar may retail at 5 cents or six for 25 cents. Now, then, the strictly 5-cent cigar the jobber may buy from the manufacturer at from $34 to $38 per thousand.

The cigar that retails at three for 25 cents the jobber buys from $40 to $55 per thousand, and the strictly 10-cent cigar he pays $55 to $65 per thousand for, and the two for 25 cents for $65 to $80 per thousand. You will notice as the retail prices advance a large margin between the lowest and highest jobbing price on that particular class of cigars.

I further made the statement before the Ways and Means Committee at which meeting there were a number of manufacturers and importers, that none of them, be they ever so experienced, could by examination or trial tell the difference between a $28-per-thousand cigar and a $32-per-thousand cigar. These cigars to be, of course, without trade-mark or brand. This is absolutely true regarding every class of cigar. I defy any manufacturer or importer to tell me by close examination whether a certain cigar should sell at wholesale for $34 to $36 a thousand, or in the high-class cigars, $80, $90, or $100 per thousand.

In concluding I wish to suggest, inasmuch as it seems to be clearly the purpose of the present Congress to obtain further revenue from tobacco, that this be done as far as may be by increasing the import duty; to levy an internal-revenue tax will burden the consumer without benefit to any branch of the tobacco industry; to levy an import duty or tax will place the same burden on the consumer, with positive benefit to farmers who produce similar tobaccos in this country.

Now, it is for you gentlemen to decide which you will choose: A tax that will burden all and benefit none or an import tax that will burden all and at the same time benefiting one of the most important industries of this country.

Very respectfully

M. L. F[illegible]

QUANTITIES OF LEAF TOBACCO REQUIRED FOR THE AVERAGE-SIZED CIGAR.

Wrapper: 1¾ to 2 pounds of Sumatra tobacco, or 1½ to 2 pounds of Florida and Georgia tobacco, or 4 to 10 pounds of Connecticut tobacco.

Binders: 5 to 6 pounds of Connecticut tobacco, or 6 to 7 pounds of Wisconsin or New York State tobacco.

Fillers: 18 to 20 pounds of domestic filler, or 16 to 18 pounds of Havana tobacco, or 16 to 18 pounds of Porto Rican tobacco.

PRICES FOR LABOR MANUFACTURING CIGARS IN PENNSYLVANIA.

For cigars known as the 8-cent or 2-for-15-cents grade: 1914, $7 per thousand; 1919, $11 per thousand; 1921, $9 per thousand; decrease since 1919, 18 per cent.

For cigars known as the 5 and 6 cent grade: 1914, $5.25 per thousand; 1919, $9 per thousand; 1921, $6 to $7 per thousand; decrease since 1919, 22 per cent.

For cigars known as the 10-cent straight or 2-for-25-cents grade: 1914, $9 per thousand; 1919, $15 to $16 per thousand; 1921, $10 to $12 per thousand; decrease since 1919, 20 per cent.

In the old ninth district of Pennsylvania, where low-priced cigars are being manufactured, the cost of labor is from $1 to $3 per thousand less than above specified. In other section of the country the scale per thousand varies from above schedule, ranging from $8 to $12 in 1914, $16 to $22 in 1919, and $12 to $20 at the present time, depending on the locality, also the size, shape, and general workmanship of the cigars.

The actual cost of labor for manufacturing cigars is about 20 per cent less than in 1919 and 1920, and there is also a decided reduction in the cost of cigar boxes, labor, etc., all of which will be the means of lowering manufacturing costs.

Average values of cigar leaf tobacco.

WRAPPER.

	1914	1919	1921	Decrease from 1919 to 1921.
				Per cent.
Sumatra (in bond)	$1.50	$2.25	$2.00	11
Florida and Georgia	1.75	2.75	2.25	18
Connecticut:				
Broad leaf	$0.65- .75	$1.25-1.40	$1.00-1.20	20
Havana seed	.50- .60	.90-1.00	.75- .85	16
Prime tobacco	1.25	2.25	1.75	22

BINDER.

	1914	1919	1921	Decrease from 1919 to 1921.
Connecticut:				
Broad leaf	$0.55-$0.65	$0.95-$1.00	$0.75-$0.85	20
Havana seed	.45- .50	.70- .75	.55- .65	20
Wisconsin	.30- .35	.55- .60	.45- .50	17
New York State	.35- .40	.60- .65	.45- .50	25

FILLER.

	1914	1919	1921	Decrease from 1919 to 1921.
Pennsylvania	$0.15-$0.16	$0.36-$0.42	$0.32-$0.35	10
Gebhardt (Ohio)	.16	.32	.23	28
Zimmer (Ohio)	.20	.35	.30	14
Little Dutch (Ohio)	.16	.30	.25	16
Porto Rico	.70- .80	1.60- 1.75	.85- .95	
Havana tobacco (in bond)	.50- .55	1.25- 1.40	.90- 1.00	28

Average cost of raw material and labor.

8-CENT CIGARS.

	1919-20, at $1.85 duty.	1921, at $1.85 duty.	192[illegible], at [illegible] duty.
2 pounds Sumatra tobacco	$8.20	$7.70	[illegible]
6 pounds Connecticut (Havana-seed) binders	4.50	3.90	[illegible]
18 pounds Pennsylvania tobacco	7.56	6.30	[illegible]
Labor	11.00	9.00	[illegible]
Total	31.26	26.90	[illegible]

TWO-FOR-A-QUARTER CIGAR, WITH HAVANA FILLERS.

	1919-20, at $1.85 duty.	1921, at $1.85 duty.	192[illegible], at [illegible] duty.
2 pounds Sumatra tobacco	$8.20	$7.70	[illegible]
6 pounds Connecticut broad-leaf binders	5.70	4.50	[illegible]
18 pounds Havana tobacco	27.54	21.24	[illegible]
Labor	20.00	17.00	[illegible]
Total	61.44	50.44	[illegible]

PORTO RICAN FILLERS, TWO-FOR-A-QUARTER CIGAR.

	1919-20, at $1.85 duty.	1921, at $1.85 duty.	192[illegible], at [illegible] duty.
2 pounds Sumatra tobacco	$8.20	$7.70	[illegible]
6 pounds Connecticut broad-leaf binders	5.70	4.50	[illegible]
18 pounds Porto Rico fillers	28.80	15.30	[illegible]
Labor	20.00	17.00	[illegible]
Total	62.70	44.50	[illegible]

Mr. FLOYD. I think that covers clearly and concisely our contentions, and I think you will fully understand it.

The gentleman who just preceded me stated that we sold our highest grade of tobacco for $1.75, but at the high peak at $5 [illegible] pound. I just want to ask the gentleman if he will tell the committee the highest price of Sumatra tobacco in bond.

Mr. CULLMAN. I have sold it for $5.50 to $5.70.

Mr. FLOYD. In bond?

Mr. CULLMAN. In bond.

Mr. FLOYD. Tobacco produced in the island of Sumatra with the cheapest labor on earth, and yet in bond they sold it at $5.50 and have not committed any crime; and we sell it at $5 a pound at the peak of high costs, and we are charged with being inhuman [illegible] unkind.

Mr. CULLMAN. $5.50 a pound, plus a duty of $2.35 during the emergency bill.

Mr. FLOYD. If we committed a crime in selling tobacco that [illegible] us the peak of high prices and everything that enters into production, what kind of a crime have these gentlemen committed who [illegible] it at $5 in bond, produced by the cheapest labor on earth?

That is something to think of, gentlemen. Now, that is a tempest in a teapot. Two and a half—what we hope to get—is just [illegible] half a cent a cigar. You had a gentleman here a while ago who [illegible] you he bought bales of tobacco at 50 pounds a bale, for which [illegible] paid $15 a pound. Instead of coming to fight about that little amount, why in God's name does he not go back and try to buy [illegible] tobacco cheaper? Did you ever stop to think that that 50 cents [illegible]

Ways and Means Committee allowed us would amount to one-fifth of a cent a cigar, on the amount of $2.35?

You will see in that memorandum all those figures, and I challenge these gentlemen here now to tell me, without seeing the brand of the cigar, whether it would sell at $32 or $34. They can not do it unless it is a brand known to them. They can not tell whether it is $80 or $85 or $90. It is purely a fancy article, purely arbitrary on the part of the manufacturer, whether he asks $80 or $85, and no one can tell that. I will leave you with that statement. I could go over a lot of these things, but I have stated that I would not take too much of your time.

Senator LA FOLLETTE. You are doing pretty well. Go ahead.

Mr. FLOYD. I do not want to burden you. You have been very patient here to-day, and my little brief will tell you all that we have got to say, possibly. If you will take up the other brief we submitted to the Ways and Means Committee that will tell you our attitude.

Senator McLEAN. If you want opportunity to refute any matters of fact stated here to-day, you ought to have that privilege, because they have made some statements as to acreage, etc., which you might want to speak about.

Mr. FLOYD. Gentlemen, that, after all, is merely a tempest in a teapot. That $2.50 that we ask would be half a cent a cigar, and the duty we ask as an addition to the $1.85 would be one-fifth of a cent a cigar. The duty that the Ways and Means Committee saw fit to give us was one-tenth of a cent a cigar. Now, is that a burden? Is that going to kill the industry? Is that going to stop the importation of tobacco—one-tenth of a cigar? When they tell you here the enormous cost of labor and the enormous cost of raw material, I want to tell you right now—and those gentlemen will not deny it—that we can go out with honest cash and buy tobacco to-day cheaper than we ever could in 10 years. Is that true?

Mr. CULLMAN. That is correct.

Mr. FLOYD. Now, then, labor has come down about 20 per cent. You will find that all figured out for you there in that memorandum. Materials have come down enormously. A little over a year ago Porto Rican fillers were selling for $1.60 that you can buy for 60 cents now.

Mr. CULLMAN. About 70 cents or 75 cents.

Mr. FLOYD. And yet they say if you put this extra duty on they have got to advance the price of cigars. Isn't that funny? [Laughter.] It is a joke, gentlemen. When you add one-tenth of a cent, one of the Senators wants to stand pat. I don't. I want to protect. One Senator wants to stand pat——

Senator LA FOLLETTE. He is not all of the committee.

Senator McLEAN. It has been stated that the importations of Sumatra have greatly decreased in the last month or two.

Mr. FLOYD. Yes. Do you think they are going to bring it in for $2.35 when they think you are going to let them bring it in at $1.85? When the whole country is depressed, these men want to put the price up.

That reminds me of a little story. I have got an oil tank out at my place, and a few days ago a Standard Oil man came around and

said: "You had better let me fill that tank, because the price of gasoline is going up 2 cents."

If they are going in these times to advance the price of gasoline 2 cents, I have got no patience with them. I told that man, if you will pardon the expression, that he could go to hell with his advance.

If these Sumatra men in these trying times are advancing prices, I have got no respect for them. We are taking our medicine. We sold fillers at $3.50 last year in Florida, and I will sell you all you want to-day at $2.50. These Sumatra men say they have got to ask more, because they have got to pay more. Let me tell you they have a cheap class of labor, and I know something about that labor.

Those people in Sumatra wear about the same amount of clothing that Eve did in the Garden of Eden. They live on 15 to 25 cents a day and eat rice and coconut meal. You gentlemen do not want to reduce our people in this country to that kind of a standard of living. If you do what these people ask, you are going to reduce the standard of living in this country. I have very little patience with a man who in 1921 will stand up here and ask for free trade. I probably would make a poor politician, but I can not help believe that we Americans ought to stand together as Americans.

Senator McLEAN. You are a southern protectionist?

Mr. FLOYD. I was until I was nearly 40 years old, but now I am not, and I will tell you a little story about that. I appeared before the Ways and Means Committee with the Southern Tariff Association, and every gentleman, some 40, I believe, got up and made some sort of an apology such as this: "While I am a Democrat, I do believe we ought to have protection."

I said that reminds me of a man who is a Presbyterian and believes in immersion. Protection is one of the principles of the Republican Party; it is a part of their faith, and when I left the Democratic Party I left it because I changed my faith. I believed in protection then, and I do now, and I do not believe that rice ought to be brought in free, and I do not believe that cotton ought to be brought in free, or lemons, or oranges, or any other products that we can produce in this country, and by reason of bringing them in free put our people in absolute competition with that class of labor. I am preaching, I think, to Republicans, and I wish that the gentlemen from Missouri were here.

Mr. CULLMAN. Do you know what the cost of the last crop of Sumatra averaged?

Mr. FLOYD. Well, if it cost anything like what it cost us, there must be some bad management, because there was no increase in wages.

Mr. CULLMAN. There was.

Mr. FLOYD. What do they pay?

Mr. CULLMAN. They were formerly paid with Mexican dollars, when they were worth 50 cents. To-day they are paid in the same coin, which is worth about a dollar in gold, so their wages have practically doubled. The cost of Sumatra tobacco last year for the entire crop was 75 cents per pound——

Mr. FLOYD. Finished?

Mr. CULLMAN. Finished; and shade-grown tobacco was $1.25 per pound finished.

Mr. FLOYD. You have got another guess coming on that.

Mr. CULLMAN. I took that statement from your own people.

Mr. FLOYD. Another thing, gentlemen, that you must bear in mind, when we are talking about $2.50; you must keep in mind all the time that you are only protecting a very small percentage of our production. The Sumatra is over 15 to 20 per cent——

Mr. CULLMAN. There were approximately 5,000,000 pounds of tobacco.

Mr. FLOYD. And that is about what per cent of the crop?

Mr. CULLMAN. Not to exceed 15 per cent.

Mr. FLOYD. You are protecting us on about that per cent of tobacco—about 15 per cent. What per cent do we get out of high-grade Habana seed——

Mr. CULLMAN. Is it not a fact that we raise in the United States about 200,000,000 pounds of cigar leaf?

Mr. FLOYD. Yes.

Mr. CULLMAN. And is it not a fact that you only raise 10,000,000 pounds of shade-grown in Florida?

Mr. FLOYD. Yes; but I want to call your attention to one thing. In 1918 they brought to this country—the importation got down to about 12,000 bales. Is that right?

Mr. CULLMAN. From where?

Mr. FLOYD. From Sumatra.

Mr. CULLMAN. No, sir. During the war, under the provision of the United States Government, there were import licenses granted to import 33,000 bales of tobacco——

Mr. FLOYD. In 1918?

Mr. CULLMAN. In 1919.

Mr. FLOYD. I said in 1918.

Mr. CULLMAN. In 1919, when there was no trading between Holland and the United States, about the same amount was imported direct from India to the United States.

Mr. FLOYD. I think the records show 12,000 to 15,000.

Mr. W. L. CROUNSE. There were about 33,000 bales.

Senator MCLEAN. The quantity from the Netherlands in 1920 was 1,512,000 pounds, and in 1921 it was 7,868,000.

Mr. CROUNSE. Those importations were from Holland, whereas these importations were from Sumatra and Java.

Mr. FLOYD. Do you find the figure for 1918?

Senator MCLEAN. No; it is not given. But they show a tremendous increase in the importation.

Mr. FLOYD. During that time we made more cigars in this country than we ever made before or since. Now, I will tell you what happened here. We were asked by the Shipping Board to come down and bring them figures to show exactly the status of the tobacco business in this country, whether there were wrappers enough, and whether it was necessary to use American bottoms to bring them in in order to save the industry. At a good deal of expense and trouble we got the statistics—you told me to go on, Mr. Chairman.

Senator MCCUMBER. The 10 minutes has grown to about 15 minutes already, but I appreciate the fact that it is very hard for you to cut your statement down.

Senator MCLEAN. The other side had all the afternoon.

Senator McCUMBER. I have an engagement at this time, and I will ask you to excuse me, but if some of the other Senators would like to stay, Mr. Floyd can continue his statement.

Mr. FLOYD. I would like you to hear what I have to say, Senator, and then I will be through. It is very short. As I was saying, we brought those figures at great trouble and expense before the Shipping Board, and they gave us a good hearing and cross-questioned us, and in the meantime the boats of the Sumatra tobacco people were at the island of Sumatra being loaded. How they did that I do not know.

Mr. CULLMAN. Is it not a fact that the department in Washington, recognizing the necessity of the manufacturers using the Sumatra tobacco, granted an import license for a certain quantity of that tobacco to be imported?

Mr. FLOYD. Sure; but the farce of it was, why did they have us come down here after they had granted that? That makes a fellow feel a little small when a thing like that happens.

I think that is all, gentlemen. I thank you.

INDEX TO SCHEDULE 6.

NAMES.

SUBJECTS.

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

ON THE PROPOSED

TARIFF ACT OF 1921

(H. R. 7456)

SCHEDULE 7

AGRICULTURAL PRODUCTS AND PROVISIONS

SCHEDULE 8

SPIRITS, WINES, AND OTHER BEVERAGES

Revised and Indexed

WASHINGTON
GOVERNMENT PRINTING OFFICE
1922

COMMITTEE ON FINANCE.

BOIES PENROSE, Pennsylvania, *Chairman.*

PORTER J. McCUMBER, North Dakota.
REED SMOOT, Utah.
ROBERT M. LA FOLLETTE, Wisconsin.
WILLIAM P. DILLINGHAM, Vermont.
GEORGE P. McLEAN, Connecticut.
CHARLES CURTIS, Kansas.
JAMES E. WATSON, Indiana.
WILLIAM M. CALDER, New York.
HOWARD SUTHERLAND, West Virginia.

FURNIFOLD M. SIMMONS, North Carolina
JOHN SHARP WILLIAMS, Mississippi.
ANDRIEUS A. JONES, New Mexico.
PETER G. GERRY, Rhode Island.
JAMES A. REED, Missouri.
DAVID I. WALSH, Massachusetts.

LEIGHTON C. TAYLOR, *Clerk.*
W. B. STEWART, *Assistant Clerk.*

NOTE.

Believing the greatest demand for the Tariff Hearings before the Senate Finance Committee on H. R. 7456 will be only for those schedules containing the particular items in which each individual is interested, the preliminary prints have been revised and indexed and printed by schedules.

The hearings are paged consecutively and comprise the following separate documents:

American Valuation.
Dyes Embargo.
Schedule 1.—Chemicals, Oils, and Paints.
Schedule 2.—Earths, Earthenware, and Glassware.
Schedule 3.—Metals and Manufactures of.
Schedule 4.—Wood and Manufactures of.
Schedule 5.—Sugar, Molasses, and Manufactures of.
Schedule 6.—Tobacco and Manufactures of.
Schedule 7.—Agricultural Products and Provisions } combined.
Schedule 8.—Spirits, Wines, and Other Beverages }
Schedule 9.—Cotton Manufactures.
Schedule 10.—Flax, Hemp, and Jute, and Manufactures of.
Schedule 11.—Wool and Manufactures of.
Schedule 12.—Silk and Silk Goods.
Schedule 13.—Papers and Books.
Schedule 14.—Sundries.
Schedule 15.—Free list.
Special and Administrative Provisions, and Appendix containing briefs received too late for printing in the volume containing the hearings upon the various schedules.

LEIGHTON C. TAYLOR, *Clerk*.

SCHEDULE 7.

AGRICULTURAL PRODUCTS AND PROVISIONS.

AGRICULTURE IN GENERAL.

STATEMENT OF PROF. THOMAS C. ATKESON, WASHINGTON, D. C., REPRESENTING NATIONAL GRANGE, PATRONS OF HUSBANDRY.

Prof. ATKESON. Mr. Chairman and gentlemen of the committee, my name is T. C. Atkeson, representing the National Grange.

I am not here as an individual, but as a representative of an organization of farmers that has a half century of experience and observation behind it, with a membership of approximately 1,000,000 people. This organization has lived through a great many tariff bills and other bills, and it has lived through calamitous times like these and other calamities, and it is still in existence and in some measure performs its function. It will hold its next, its fifty-fifth, annual session at Portland, Oreg., beginning next week.

The CHAIRMAN. How long have you been at the head of this organization, Professor? You are president now?

Prof. ATKESON. I am not master of the grange at all. Mr. S. J. Lowell, of New York, is the present master. I am the Washington representative of the grange. I have been a member of the grange for more than 40 years and have served it in many official capacities.

Our organization in its experience has had a good deal to do, of necessity, with problems involved in the tariff—in taxation and support of the governmental machinery in all its relations—and some 30 or 40 years ago we undertook to determine where our organization stood and, so far as it represented the farmers of the country, where the farmers stood on the question of tariff, and particularly protective tariff, or the protective principle involved in the tariff problem. We found that we had a good many men in our membership who were high protectionists, men who were free traders, men who favored a tariff for revenue only with incidental protection, and men who favored tariff for protection with incidental revenue.

We found that with this various membership in our organization it was impossible for us to determine or for us to take the position for or against protection, and as impossible as it would have been to take a position for or against the Methodist or the Baptist or the Presbyterian churches, in view of the dogmas and doctrines that come into our organization through the affiliation of our membership with all these churches and in the various relations of life, and

that it was absolutely impossible to reach a definite or anything like a satisfactory decision in favor of problems of that kind.

We are absolutely nonpolitical in our organization. I think that we would not have lived so long if we had been a little more political than we have been. The experience of other organizations that got into politics has been that they got out of business sooner or later.

Being a nonpolitical organization we have not tried to settle the tariff policy of the country. But some 30 or 40 years ago our organization adopted a resolution reading about like this: That so long as protection is the policy of the Government, we demand for agriculture and agricultural products a fair and equal protection under the tariff laws of the country.

In one form of words or another, for 30 or 40 years we have reiterated that position, and that is what I am here to reiterate to-day.

In the early discussion of the tariff question much was said about raw materials being placed on the free list, and that manufactured or finished products should have a protective tariff, and I was confronted, and our organization was confronted, in an effort to determine what constituted a "raw material." And I am wondering if there is any Senator wise enough to tell us what is a raw material that has to be admitted tariff free. Perhaps any of you at first thought would undertake to answer that question. But it is not so easy of answer.

In my conception the only raw material is the thing as the Creator made it, where he made it, if you want a definition of raw material—it may be iron in the mine, or coal in the mine, or plant food in the soil, in the air, or in the water; all those things, in my conception, are raw materials, and nothing else is.

In order to produce a crop of corn or wheat the farmer must plow and cultivate and harvest and take care of his crop. He has done something with what nature provided; that is, his farm has been a factory. He has converted into a commercial commodity some of those properties suitable for immediate use and consumption, others requiring further manipulation and manufacture on the way to the ultimate consumer. But so far as the farmer is concerned, the products of his farm are the products of his factory and are absolutely as essential as the product of any factory can be to the product of that factory. A factory takes a commodity at some stage of its existence and adds something to it, or does something to it, that further fits it for final consumption; and every manufacturing interest would like to assume that the thing at the place where it takes it is raw material and would like to have it on the free list, and at the place where he lets it go that it be considered the finished product, and he would like to have it protected.

So we repudiate entirely the old dictum of tariff philosophers—that the product of the farm is a raw material. So far as the farmer is concerned it is a finished product; it is an eternally finished product—at the place where he lets it go, whatever it may be, whether it is consumed in the form in which he lets it go or whether somebody adds something to it following his disposition of it.

I would like for this committee in considering agricultural tariffs to keep that in mind.

Then, another question arises, which is fundamental to fair consideration of this question, and that is whether a tariff can protect an agricultural commodity or not and just to what extent it may be protected or its price increased—and that is what you mean by protection, its price being increased—and you will find a great diversity of opinion among Senators and Congressmen, as well as among farmers and economists everywhere, as to the things that may or may not be protected by a tariff.

Therefore, we fall back on this and the enunciation of the National Grange, that is 30 or 40 years old, and depend largely upon the wisdom and the honesty of purpose and the patriotism of the American Congress to see that agriculture is not discriminated against and, so far as possible under the tariff schedules, to see that the products of agriculture receive a fair and just protection so long as protection is the policy of the Government. If the Government should adopt a free-trade policy absolutely, we will try and survive; we will still be in favor of the policy of the Government. The responsibility for the policy of the Government is upon the American Congress and not upon us. But so long as protection is the policy, we contend for our place under that policy—and we accept that as the fixed policy of the present administration.

I have said about all, I think, Mr. Chairman, that it is necessary for me to say, because, as the schedule of hearings indicate, the proponents of the different farm commodities will expect to be heard at considerable length, and if I may I will not enter into the discussion of any of those special items in the farm schedule. I understand that sheep and wool and mutton products are to be taken up next. I think I will close, Mr. Chairman.

Senator JONES. They will undertake to show us as to how a tariff would affect the different farm commodities and products, whether the tariff would benefit one class or not or another class or not.

Prof. ATKESON. Well, if a tariff performs any of its purposes, it always benefits one class to the more or less disadvantage of some other class. That is fundamental.

Senator JONES. What I meant was, these other people who are to be heard here will undertake to show how the tariff will affect the specific product which they represent.

Prof. ATKESON. Undoubtedly. It seems unnecessary for me to go into that now. I would not hesitate to discuss the wool question; but since there are gentlemen here who are going to discuss that question specifically, I just wanted to lay down a few principles that seem to me basic and underlying the question of agricultural protection, and the one that I would rather that you would not get away from than any other is the fact that when the farmer disposes of his product that it is a finished product, as far as he is concerned.

BRIEF OF GRAY SILVER, REPRESENTING THE AMERICAN FARM BUREAU FEDERATION.

This organization, with a membership of more than 1,000,000 farmers located in 46 States, necessarily views the tariff from the broad national standpoint. Various representatives of the federation have appeared to discuss the schedules in detail when they were under consideration by the Finance Committee. Our specialists have made studies of the need and effect of tariff on farm products in view of the peculiar and unprecedented situation in world trade at this time.

Since the expressed policy of the Nation is for a protective tariff, the problem before Congress is to so adjust the duties as to afford the most thorough protection to the industries that should be fostered for the national welfare, while at the same time not adversely affecting foreign trade, or international economic relations.

The farmers' interest in tariff question in the past has been twofold.

(1) As a producer he desires protection in fair relation to the protection given to manufacturing industries from the competition of foreign products produced under conditions of natural advantage or very cheap labor.

(2) As a consumer he is opposed to excessively high tariffs which would unduly increase the price of the supplies which enter into the cost of his product, and rates which unduly increase the cost of manufactured products which farmers use as a part of the general consuming public.

At this time farmers have a third interest in the tariff and its effects, namely:

(3) As an exporter of over half of the Nation's excess balance of exports in foreign trade, he is interested in the effect of the tariff on foreign demands for his products and in maintaining the balance of exports over imports.

PROTECTION FOR FARM PRODUCERS.

Certain American farm products meet competition in the markets from the same or similar products produced at much lower cost in foreign countries. To allow these cheap products to flow into our markets unchecked would immediately result in so depressing our own industry in these lines as to reflect seriously on other lines of production that are of vital importance. Public welfare is best served by preserving a balanced agricultural production which will afford a reasonable profit and maintain a prosperous agricultural commodity. Rates of duty should only be high enough to prevent the depression of our markets by the importation of large quantities of foreign goods. Prohibitory tariffs are seldom desirable and often injurious to trade in general.

Since protection against foreign competition is a national policy, it is essential that agriculture be considered in its proper relation to the protection of the entire country. The production of our farms must be considered the finished product of this industry in the same manner that machinery, shoes, clothing, etc., are considered finished products of other industry.

Experience with previous tariffs has given some indication of the rates of duty to be assessed to afford a certain protection to a farm product. The testimony of groups of producers of various commodities before committees of Congress shows the amount of protection that is regarded by them as necessary to maintain a given industry in competition with foreign goods.

Certain products may be produced in quantities sufficient to meet practically all needs of the country, provided the difference in cost in this and other countries is covered by a duty. While we have the soil and climate to produce wool and sugar equal to our entire needs, without a duty we can produce but a small part of our annual consumption because of the lower cost abroad. The point to be decided from a national standpoint is, What amount of our production of each commodity shall and can be assured by a protective tariff? The public interest demands that a balance be made between the advantages of complete domestic production and lower cost of imported products. Excessive tariffs which would increase all prices would not be to the advantage of the Nation nor to the producers ultimately.

TARIFF ON PRODUCTS THE FARMER BUYS.

The greatest single group of consumers in the Nation are our agricultural people who are interested in getting the goods they consume at the lowest cost consistent with prosperous conditions in industry, which in turn assures a normal consumption of farm products. The American farmer has the highest standard of living of any agricultural producer in the world and consumes more manufactured goods per capita than the people of any other country. He normally offers the greatest market for American manufactured products and also the greatest attraction for the foreign manufacturer. The proposed protection of his industry will be of little advantage to him if the cost of the things he buys are relatively higher and if his buying power is not increased. The price the farmer receives for his product is, in the last analysis, the amount of articles for consumption for which he can exchange his crop. Consequently, the tariff on the products which he sells must bear a fair relation to the duty on the supplies which he buys. A high duty on supplies which are imported, such as fertilizers, jute bags, etc., increases farmers' cost and tends to restrict production.

Any scale of rates of duty on farm products must be judged by two conditions: First, it is sufficient to cover the labor cost differential between American and foreign production; and, second, does it bear the proper relation to the rate on manufactured products which this same producer must buy?

TARIFF AND FOREIGN MARKETS.

The American farmer produces a surplus of several products which must be marketed abroad, and is vitally concerned in the effect the tariff may have upon the outlet for his export surplus. The Nation as a whole has had a favorable foreign trade balance almost continuously for 100 years; only 3 years since 1897 have the imports exceeded exports in value, and that was in relatively small amounts. On the contrary, the excess of exports has grown since the depression of 1893, averaging near to one-half billion dollars until the beginning of the World War, when values began to rise and the excess of exports amounted to over $4,000,000,000 in the calendar year 1919.

Agriculture has provided the largest part of this excess of exports from our earliest history. From 1852 to 1881 agricultural products made about 80 per cent of the total of domestic exports. During the next 30 years there was a decline until in 1911 when agricultural products provided about 54 per cent of all exports. This decline was checked by the opening of the World War and the volume of exports increased steadily until 1920. The increase in values was even more rapid, due to the advancing prices. The beginning of the decline in value was shown in 1919 while the difference in tonnage was relatively small.

There has been a tendency in recent years for agricultural exports to be offset by relatively larger proportion of agricultural imports, thus imposing on agriculture a heavier share of foreign competition.

ADJUSTING THE TARIFF TO CHANGING CONDITIONS.

At the present time the economic relations of nations are subject to changes that can not be anticipated. This makes it especially difficult to fix rates of duty which will meet all emergencies.

A means of tariff adjustment which will operate quickly is needed. The extension of the powers of the President or the Tariff Commission to meet any emergency, operating within limits fixed by Congress, would aid greatly in increasing the protective services of the tariff.

By constant study and investigation this body should be able to quickly adjust tariff rates to changing conditions in international trade without the delay of referring the entire matter to Congress.

THE BASIS OF VALUATION.

In the present tariff bill there appears the new American valuation plan. The adoption of this system would involve radical changes in the system of collecting customs duties and require the entire reorganization of the revenue service.

The first effect of this system of valuation would be to increase the amount of duty to be paid, since the Fordney bill provides that the duty be calculated upon the wholesale market price which includes distribution costs in addition to production costs. When goods are imported that have not been sold here, an American price must be named by the customs officials which in effect obligates them to perform a price-fixing duty.

In view of the discussion of the effect of this American valuation, present rates as determined for farm products must be regarded as tentative until the rates on supplies which the farmer purchases have been revised. A proper balance must be maintained. Since most agricultural duties are on a specific basis and most other duties are on the ad valorem basis, the American valuation would disturb the relations of these rates seriously if it should have the effect of increasing duties as is generally stated. The rate of duty should be sufficient to cover the advantages in lower labor cost and a part of natural advantages of foreign producers, but not the difference due to business inefficiency.

The importation of foreign goods would be disturbed because of the uncertainty as to the amount of the duty if it should be based upon a fluctuating wholesale price.

GENERAL TARIFF RELATIONS.

1. The farmers of the country are generally in favor of tariffs that will protect American producers against the competition of extremely cheap goods produced in

other countries where labor is maintained under very low standards of living. They believe in a fair relation of tariffs between farm products and manufactured products.

(2) The agricultural products upon which a protective tariff is effective are relatively few. The recent experience with the emergency tariff indicates that the restrictive effect on trade of agricultural products is slight except in a few instances. Moderate tariffs will not seriously change the rate of trade, but excessive tariffs would probably do so to the ultimate disadvantage of the country.

(3) Farmers interest in protection is not confined alone to his industry but extends to American manufacturers. American industries and business provide the greatest market for American farm products. Normal employment is necessary to maintain normal agricultural consumption. Maximum income on farms means maximum consumption of manufactured goods. Consequently the protection of agriculture is also protection for our other industries since it conserves their home market through sustained buying power of farmers.

No tariff can protect the American farmer from the competition of the cheaper products which his surplus meets in the foreign market, therefore the home market must be carefully safeguarded.

(4) There must be reasonable limits to such protection, however, in order not to foster profiteering and to preserve the force of competition of the foreign products. Protection for manufacturers must bear a fair relation to protection for agriculture.

(5) The nature of foreign trade will determine the status of agriculture. Two outstanding examples of this are Great Britain and Germany. For 50 years previous to the recent war Great Britain allowed her agriculture to suffer without affording it protection. While her tariffs were not at first designed to be protective tariffs such have been adopted since the war under the title of safeguarding of industries. Protection of British industries was afforded through cheap ocean freight rates.

In Germany the policy of the Government to foster agriculture through effective protection developed a much stronger agriculture, though the purpose was to gain military power. The advantage of such a policy was clearly shown in the war when without the aid of other nations, Great Britain alone would probably have been defeated because of the shortage of food without aid from the United States while Germany was not starved. A prosperous agriculture is the basis of national prosperity.

(6) To preserve foreign trade there must be a large balance of imports to offset exports. In the past agriculture has borne an equal share of imports as compared with exports. This ratio should not be seriously changed. Tariffs that are prohibitory on imported products that make up the large part of our trade must therefore be objected to by farmers. A reasonable rate of duty that will not seriously disturb the balance of imports is more desirable than an excessive rate which would act as a tariff barrier.

(7) The constant production of a surplus of foodstuffs is the consumer's best insurance against a scarcity and the resulting high price. Without an outlet the American farmer would be penalized when he produced a surplus by the low prices due to a restricted market. He would have no incentive to expand production and output would decline; the farmer as a consumer of manufactured goods would be weakened and all business would feel the effects just as it has this year when farm depression has been reflected throughout the business structure. If a shortage resulted and high prices came the consumer would be forced to pay more. Manufacturers would be forced to seek a market for their goods abroad in competition with those of other manufacturing nations.

Moderate rates or protection on agricultural products with a moderate rate on corresponding manufactured product is to the best interests of both producer and consumer.

Farmers are asking only for a rate that will afford them an even opportunity with foreign producers to maintain the industries in their present development, with opportunities to grow as a means of cheaper production are devised by better practices and scientific improvements.

It is not desirable from the national standpoint to have rates of protection of manufactured products which will enable them to be sold constantly at far above the level of prices of similar products in other countries. Such an artificial trade barrier is not only unjust but dangerous and doomed to collapse sooner or later with disastrous effects upon business as a whole, though a few individuals might temporarily make large profits.

Valuation for importation should reflect the cost of production and the duty represent the difference in labor cost. Tariffs above that become embargo. Such valuation can only be secured in the country where the imports originate.

Trade is a matter of fair exchange and relations with the United States to other nations are now such that a large volume of trade must be maintained. A healthy foreign trade in agricultural products is the best stimulant to American agricultural production.

STATEMENT OF JOHN H. KIRBY, PRESIDENT SOUTHERN TARIFF ASSOCIATION, HOUSTON, TEX.

Senator GOODING. I want to say, Mr. Chairman, that a little more than a year ago an organization was formed in the State of Texas, known as the Southern Tariff Association. Since that time every Southern State has become a member of that association—in fact, several Eastern and Western States—so that to-day they have a membership of 41 States. This association represents 62 different industries, and linked with it is membership of 247 State and local organizations. The president of that association is here this morning, Mr. Chairman, and I would like to ask him to tell the committee why this organization was formed, its purposes and aims. I have the pleasure of introducing Mr. John H. Kirby, of Texas, president of the Southern Tariff Association.

Senator MCCUMBER. Mr. Kirby, we shall be very glad to hear from you.

Mr. KIRBY. Thank you, Senator. We of the South thoroughly appreciate the courtesy of this committee in giving us this chance to present some of our problems, which, of course, we must do in a very brief way.

Following the suggestion made by Senator Gooding, I will state that the Southern Tariff Association grew out of the distress, largely, of the agricultural elements of the South, under the application of the new doctrine which has come to be known as the doctrine of free raw materials.

Personally, I am not a producer of any product—my leading business being the manufacture of lumber—that solicits or desires or would be affected by any form of tariff legislation with respect to that particular commodity. But I am interested in the public welfare and in the thrift of my customers and in the progress and prosperity of my country. Therefore, upon the urgent request of the farmers and stock raisers of Texas, I took upon myself the work and the duty of acting as president of this association at its inception.

The association was first composed of farmers and stock raisers in Texas. Then it grew and other southern States became attracted to us, until it has reached the magnitude outlined to you by Senator Gooding.

Distress brought it into being. The cotton farmer of Texas in 1920 found that his cotton seed had undergone frightful shrinkage in value—that was true not alone of Texas but all of the South—the shrinkage amounting to something like $300,000,000. We knew that a part of this was in consequence of the deflation program of the Government through the Federal Reserve Board, but we were convinced that the greater part of it resulted from the importation duty free of vegetable oils from the Orient and from the Tropics.

The peanut farmer in the South, whose crop in 1919 had sold for practically $100,000,000, could not in 1920 sell for $10,000,000, largely from the same cause.

The egg and poultry growers of the South, who had enjoyed some prosperity prior to 1920, found themselves unable to keep their hens, largely from the importation free of duty of eggs from China.

The woolgrowers of Texas found their spring clip and their fall clip still in the warehouses at San Antonio, San Angelo, Del Rio,

and El Paso, and other concentration points, without a bidder for that commodity, all through the free importation into this country of foreign wools, largely from Australia and Argentina.

The cattle raisers of Texas (and every farmer in Texas is a cattle raiser; not big herds, though some men have large herds) found that their meats had shrunk until there was no demand for their steers, all through the free importation of meats from Argentina. We can not compete anywhere in this country on our ranges with the ranges of Argentina; we can not fatten our steers anywhere in this country with the expensive feed that we must provide for them in competition with the steer growers of Argentina.

There they plant clover, and inclose it, and then at feeding time, instead of employing men and buying expensive feed, they turn their steers into these clover fields, so that a steer in Argentina 3½ years old will weigh 200 pounds more than a steer of the same age anywhere in the United States. They can kill and dress those steers in Argentina for less money than we can here, because they have a lower wage scale; they can load them in the refrigerator ships in the ports of Argentina and ship those carcasses to the principal markets of this country for less freight than we must pay from Fort Worth, Tex., to those principal markets.

Under these circumstances of free importation of meats the cattle industry is being ruined.

The free importation of hides was taking the hide industry away from us. So that it really did not pay to skin an animal, unless you skinned him for other purposes than the recovery of his hide.

The free importation of mutton from Australia and New Zealand into the markets of this country in refrigerator ships destroyed the demand for American sheep.

So all down the line, the agriculturist of the South found everything that he produced practically on the free list, while he was compelled to buy his supplies in a taxed market.

Under those circumstances the Southern Tariff Association was organized to protest against the doctrine of free raw material and to contend that in all tariff levies, whether for revenue or for protective purposes, there should be no discrimination against any industry or any section of the country. That is the way we started.

We have been charged with being a Republican side show. Permit me to say that 95 per cent of our members are Democrats. I do not want to introduce any controversial question, but I just want to put our position squarely before you. We come to you pleading for justice, not for favor, and to ask you that in the levies that you make you will give the agriculturists of our section of the country and all the products of our section of the country the same character of treatment that you accord other sections of the country, without discrimination toward them or toward us.

Senator McCumber. Let me say, Mr. Kirby, that the view of this side of the chamber has always been that the tariff is not a local but national question; and we want to do entire justice. Sometimes, however, it is a little difficult when we always find the votes from your section against us in the matter of expanding our policy of protection over the whole country.

Mr. Kirby. We have been taught, Mr. Chairman, that protection was a wicked device of the Republican Party, created for the pur

pose of imposing unjust burdens upon the South. That has been the political contention heretofore, but we have been making some investigations upon our own account. We find that instead of this device having been invented by the Republican Party for wicked and despoiling purposes, that it originated with the Constitution itself; that the very first general act passed by the First Congress of the United States was a protective act, and one that recited in its preamble its purposes—to raise revenue to defray the expenses of the Government, and to encourage and protect manufactures against foreign goods, wares, and merchandise.

There were notorious impostors in that Congress, according to our modern philosophy in the South, because they gave assent to that preamble and bill; and among those impostors were men whose names appeared signed to the Declaration of Independence, men who had assisted in formulating the Constitution of the confederation under which we fought the Revolutionary War, men who sat in the convention that framed the present Constitution—James Madison was there, Richard Henry Lee, Charles Carroll of Carrollton, Elbridge Gerry, Abraham Baldwin, and many others who represented the brains and patriotism and purpose of the Republic at that time. And the act was vitalized by the signature of a man who was "First in war, first in peace, and first in the hearts of his countrymen."

Modern men there may be who say that the first act of the legislative body would perhaps be a per diem and mileage bill. That was not what those old patriots thought. The first thing was to protect American industry and give us a position in the world; that is what they thought, and that is what they have handed down to us and for which we steadfastly contended even up to the times of "Hickory Jackson"——

Senator McCumber (interposing). I wish to make clear that while we recognize your sympathy with our views, your vote is always against us; and we would like you to impress your influence upon the vote that will help us crystallize into law what their sentiments are where they agree with you.

Mr. Kirby. We are trying to tell you, Senator McCumber, why we are not following our southern politicians. The business men of the South, the producers of the South, the bankers of the South—in fact, the whole South has awakened on this question.

Senator McLean. All but the voters.

Mr. Kirby. They have awakened also. Did you notice what you got in the South the last time?

Senator McLean. We did not get enough.

Mr. Kirby. You did in some States. You carried some States, to your amazement.

Senator Watson. I think you ought to be congratulated upon the promise and the hope that you hold out. [Applause.]

Mr. Kirby. I thank you; that is the encouragement we need.

We have come to look upon this as a purely economic question and not really one that ought to be the football of partisan politics.

There are a great many men affiliated with us who earnestly believe in a protective tariff, who have been investigating this economic question, and who believe—who know from history—that there has

never been any prosperity in this country under a low tariff, when national and international conditions were normal.

Of course, my Democratic friends contend that under the Walker tariff of 1846 we had marvelous prosperity for a period of almost 10 years. But they have not stopped to consider world conditions and what brought about that prosperity. We prospered then, as I now know, but did not used to know, in spite of the Walker tariff. It was not a free-trade tariff, and it was not a discriminating tariff, but it was a low tariff. We prospered in spite of the Walker tariff, because immediately following its enactment we went into war with Mexico. By the time peace was restored we discovered gold in California. About that time the third Napoleon ascended the throne of France through revolution and all Europe went to arms; and in 1854 France and Great Britain put in with Turkey to whip Russia, and Russia was under blockade for a couple of years.

Then we had in that same period the Irish famine and short crops and distress throughout Europe, all of which made great drafts upon our farms, fields, and factories. So that we prospered in that time in spite of that Walker tariff.

But just as soon as peace came to Europe and the men who had been engaged in military lines went back to the arts of peace and useful, productive employment we had the panic of 1857. We have had panic and distress following every low tariff that has ever been put on the statute books in this country.

That is what we know down South, and that is the doctrine we are preaching, and that is the doctrine we stand for. But we are not standing for it in order to curry favor with the Republican Party and we are not standing for it as partisans. We are standing for it as business men, as Americans who want to build up the country to assist in continuing here the greatest country in the world. A country that has only 6 per cent of the area of the world and only 6 per cent of the population of the world and yet owns one-third of the property of the world and more than 40 per cent of the gold of the world and more than 40 per cent of the railroad mileage of the world is worth preserving.

I was old enough to know something of the conditions that fell upon the South after the Civil War. If you look at me you will see I am still a youth, but I was there at the time. [Laughter.]

The condition of the South at that time is duplicated to-day in Europe. I was a babe when the war broke out, and my father at that time was sheriff of our county, a man of property, who also owned slaves. But when I grew up—a few years after the war, say, within 10 years after the war—I plowed a yoke of oxen, because that father of mine was not able to buy another horse. My mother and my sisters spun and wove the cloth out of which the family clothing was made. My father made the family shoes from leather obtained from rude tanyards in the neighborhood. We worked long hours for little pay. Why? Because we were broke. Our Government was broke, our State government was broke, our county government was broke, and our municipal governments were broke. All our industries were broke and all our people were broke.

That same condition exists in Europe to-day. They will make the cheapest merchandise, the cheapest goods that ever came into the markets of the world. If you do not accord to American toil some

protection against those cheap-made goods our American toilers will go to the level of the pauperized peoples of Europe and Asia to-day.

There are 20,000,000 people directly and indirectly engaged in manufacturing enterprises in this country. More than 50 per cent of them will be tramps if you do not continue this American policy, instituted by our forefathers in the first general act of the first Congress that sat under this Constitution; if you do not continue that general policy in the present economic condition of the world you are going to bring distress not only to every toiler, but you are going to bring tears and heartaches to every man and woman in America.

In that policy we agree with you, and we want to be represented in it with justice and without discrimination.

Now, I want to introduce these resolutions passed by a congress of this association held in Greensboro, N. C., on August 16 last [reading]:

> First. That the tariff policy of the Sixty-seventh Congress was definitely settled at the November election.
>
> Second. That we recommend such tariff schedules on southern products as will equalize the cost of production in this country with that of foreign countries, so far as may be consistent with the public welfare, such schedules to be so placed as to fairly distribute the burden and benefits among all industries without discriminating against any section, class, or product, to the end that there may be maintained American standards of living in every line of effort.
>
> Third. That we are opposed to the doctrine of free raw materials on agricultural, pastoral, and mineral products.
>
> Fourth. That we appeal to all Congressmen to give consideration to the economic welfare of the South by favoring the same tariff policy for southern products that is applied to the products of other sections.

That resolution not only met with unanimous report of the congress held in Greensboro on the 16th day of September, but bears the signature of 414 banks in the State of North Carolina, being 70 per cent of all the banks in the State, and from which State all of the banks have not been heard from, but the relation of the banks in North Carolina to this resolution stood 414 to 11 against. In Mississippi there were 243 for to 5 against, or 81 per cent of all the banks in Mississippi signed this resolution; 269 banks, constituting [?] per cent of all the banks in the State of South Carolina; 257 banks, constituting 50 per cent of all banks in Virginia; and 239 banks, constituting 80 per cent of the banks in the State of Louisiana, signed this resolution, together with other banks from other Southern States, aggregating 2,254 banks voting in the affirmative and 32 banks declining to sign.

Senator WATSON. When you say that a bank signed, what do you mean?

Mr. KIRBY. The responsible officers of the bank, president or cashier, which bears the signature of the bank, and those signatures are here on file with your committee. I am just summarizing for your information.

Senator WATSON. I was wondering whether one person of a certain bank signed, or was some action taken by the board of directors; did the president and vice president sign it?

Mr. KIRBY. We think in most instances the board of directors acted, because we had in some instances statements from the officers of the bank that there was opposition, and notwithstanding the fact

that the board of directors were in the majority for it, they would have to vote in the negative because it was their policy not to carry anything except by unanimous vote.

Senator Watson. Where they signed, was it unanimous?

Mr. Kirby. Yes, sir. In addition to that, certain agricultural commissioners of certain Southern States signed, including W. A. Graham, commissioner of agriculture in the State of North Carolina; B. Harris, commissioner of agriculture of the State of South Carolina; G .W. Koiner, of the State of Virginia; and Dr. F. A. Woods, of the State of Maryland. No commissioner of agriculture, so far as we are informed, has declined to sign, but these were merely signatures sent in by those interested in our work in the various localities.

Senator Simmons. Will you let me have a copy of this resolution?

Mr. Kirby. We intend to file it. I think it is on file already, but you are welcome to that copy [handing copy of resolutions to Senator Simmons].

Senator Simmons. Is this what you call the signatures down here [indicating]?

Mr. Kirby. Yes.

Senator Simmons. You mean these printed signatures?

Mr. Kirby. The original, with written signatures, is on file with your committee here. That was typewritten for convenience.

Senator Simmons. Mr. Kirby, how did you procure the signatures of these banks? Did you have somebody to go around to each bank?

Mr. Kirby. I did not handle it myself, Senator, but I do not understand that that has been the method. E. P. Wharton, of Greensboro, whom you doubtless know, and who is a friend of yours——

Senator Simmons (interposing). Yes.

Senator McCumber. If you will permit me, I will explain it.

Senator Simmons. I would just as soon Mr. Kirby should explain it; he is the president of the Tariff Association.

Mr. Kirby. Mr. Wharton was created chairman of the North Carolina division of this association, and the circular to the banks and the resolution were sent to the banks through Mr. Wharton, or under his direction—I do not know just the method. But the signatures came back and were filed with us at the central headquarters.

Senator Simmons. You do not know what sort of a presentation was made to the bank or whether any was made or not?

Mr. Kirby. I do not know what kind of a letter accompanied the resolution.

Senator Simmons. Your impression is that it was just sent to them and sent back?

Mr. Kirby. My impression is that the resolution was sent to them in printed form, together with the request to give it consideration and that they approved it, signed it, and returned it.

Senator Simmons. And you say that the commissioner of agriculture of North Carolina signed that?

Mr. Kirby. Yes, sir.

Senator Simmons. And the State commissioners of agriculture—

Mr. Kirby (interposing). South Carolina, Virginia, Maryland, and Louisiana are the only signatures we have here. We know that the commissioner of agriculture in Texas is sympathetic, but I do not know whether he added his signature or not.

ITALIAN PRODUCTS.

'TATEMENT OF L. J. SCARAMELLI, REPRESENTING ITALIAN CHAMBER OF COMMERCE, NEW YORK,

Mr. SCARAMELLI. Mr. Chairman and gentlemen of the Senate 'inance Committee——

The CHAIRMAN (interposing). You reside in New York?

Mr. SCARAMELLI. I do.

The CHAIRMAN. What is your occupation and business?

Mr. SCARAMELLI. I am a merchant. I come before you as the resident of the Italian Chamber of Commerce of New York.

The CHAIRMAN. Proceed.

Senator CALDER. That chamber of commerce is an organization of merican business men dealing with Italian products?

Mr. SCARAMELLI. I was going to explain that, Senator. The alian Chamber of Commerce is an American association of business ien. It was incorporated and organized in 1886 under the laws of ie State of New York and, with the exception of a few associate embers with no voting power residing in Italy, the balance of them—arly a thousand—are American business men.

Senator MCCUMBER. Why the particular name—the Italian Cham- r of Commerce?

Mr. SCARAMELLI. It was organized in 1886, and the name has mained the same ever since.

Senator WATSON. Are all the members Italians?

Mr. SCARAMELLI. Oh, no; we have practically all the largest Ameri- n bankers in New York City. Our chamber is composed of import- s and exporters, representing Italian manufacturers and American anufacturers.

Senator WATSON. You merchandise to and from Italy exclusively?

Mr. SCARAMELLI. Our chamber is for the purpose of increasing and omoting business between the United States and Italy.

Senator MCCUMBER. That is the reason you use the Italian name?

Mr. SCARAMELLI. That is the reason.

The opinion and facts which I am about to give you represent the neral view of our members interested in tariff matters. In order save time, if you will allow me, I will go right in and begin to speak a few articles, and I shall take, first, cheese.

The Payne-Aldrich bill had 6 cents a pound duty; the Underwood l changed it to 20 per cent ad valorem; the emergency tariff 23 r cent ad valorem.

The Fordney bill provides for 5 cents a pound up to the valuation 30 cents a pound and above that 25 per cent ad valorem. You n see that we are going from bad to worse. Just imagine, gentle- n, cheese worth 30 cents a pound will pay 5 cents and cheese rth 31 cents will pay 7½ cents a pound duty. I never could see y the Underwood bill changed from specific tariff to ad valorem; e reason, of course, was to reduce the tariff, and they did, because en times were normal 20 per cent meant 4 cents a pound, and that ant 2 cents lower than the Payne-Aldrich. Twenty-three per it ad valorem, as per the emergency tariff bill, means exactly 12

cents per pound. The only cheese that runs anywhere like th cheese——

Senator SMOOT (interposing). It means 12 cents a pound?

Mr. SCARAMELLI. It means 12 cents a pound on foreign chees coming into this country.

Gentlemen, if you will allow me to explain and then ask me al the questions you desire, we will proceed faster.

What I want to get at is this: The cheese that we manufactu in this country that might feel competition is the domestic Swis cheese. We all know that Wisconsin and other States are makin Swiss cheese in large quantities. To-day the imported Swiss chees costs to import 65 cents per pound, New York City, duty paid If you add 10 per cent, the usual wholesale profit, it makes a sellin price of 72 cents a pound. The domestic Swiss sells from 25 cent to 45 cents a pound, and the cheese selling at 45 cents a pound i near in quality to the imported. There you can see a differenc of 30 cents a pound in the selling price, and I ask you why we nee 12 cents per pound protection?

Senator WATSON. You say that the 45 cents domestic Swiss chee and the best grade that you import from Italy is comparable?

Mr. SCARAMELLI. About the same as to quality.

Senator WATSON. At what do you lay down the Italian importe Swiss cheese in the United States—what does it cost?

Mr. SCARAMELLI. Sixty-five cents.

Senator WATSON. Where does it come from?

Mr. SCARAMELLI. This Swiss cheese generally comes from Switz land.

Senator MCCUMBER. How are you able to sell in competition wi 45-cent cheese?

Mr. SCARAMELLI. We are not selling it. There is only a sm quantity coming in now.

Senator MCCUMBER. Is it made from the same kind of milk?

Mr. SCARAMELLI. It is made from the same kind of milk and abo the same percentage of butter fat.

Senator MCCUMBER. Is it made from cow's milk?

Mr. SCARAMELLI. It is made from cow's milk.

Senator MCCUMBER. And not from goat's milk?

Mr. SCARAMELLI. No; Swiss cheese is made from cow's milk.

Senator SUTHERLAND. They must make a very much larger pr than they do upon our cheese. It certainly does not cost more th American cheese—American Swiss cheese—does.

Mr. SCARAMELLI. I would say to you that it costs a great deal m money than to manufacture domestic Swiss cheese. Switzerland a gold basis prewar exchange.

Senator WATSON. Why do they not buy the American product 45 cents when they have to pay 65 cents for the other?

Mr. SCARAMELLI. They have to pay 75 cents for the imported.

Senator WATSON. What do we want? Why not buy the Am ican?

Mr. SCARAMELLI. We do; but is it fair for cheese coming here fo century to be prohibited from importation just so long as it does create competition with the American?

Senator WATSON. It would be prohibited anyway, would it not

Mr. SCARAMELLI. Why?

Senator WATSON. But you have to pay 65 cents a pound for one nd 45 cents a pound for the other; that of itself would prohibit, ould it not?

Senator McCUMBER (interposing). Even though you deduct 12 ents a pound.

Senator WATSON. If you did not have any tariff, absolute free rade, are people going to pay 65 cents for foreign cheese when they an get almost as good cheese at 45 cents a pound produced in the nited States?

Mr. SCARAMELLI. The fact remains that there is a demand for the nported cheese. A certain clientele has been getting it for years nd years, and it is unjust, it seems to me, to prevent our people from etting it if they want it.

Senator WATSON. Is the American cheese just as good, so they an not tell them apart?

Mr. SCARAMELLI. I tell you some of it is just as good as the imported n my opinion, but others do not think the same because they demand he imported.

Senator WATSON. Can you tell one from the other if it were put n a plate, by sight or taste?

Mr. SCARAMELLI. By sight and also by taste you can tell the ifference.

The cheeses coming from Italy—none are manufactured in this ountry to any extent. During the war, I, for one, started to make ome Italian-type cheese here, but we could not succeed. In the rst place, some of them, such as Roman cheese, is made of sheep's ilk.

Senator WATSON. Is not imported Swiss cheese made of goat's ilk?

Mr. SCARAMELLI. No; it is made of cow's milk. I am talking about oman cheese now.

The CHAIRMAN. Milk in the dairies over there does not have the areful governmental inspection that it has here?

Mr. SCARAMELLI. Yes, they are subjected to inspection.

Senator SIMMONS. Do the cows over there give the same kind of ilk they do over here?

Mr. SCARAMELLI. I suppose they do.

Senator SIMMONS. They do, if they are the same kind of cows.

Mr. SCARAMELLI. Gentlemen, if you will let me go along with the gument, we will proceed faster.

The Roman cheese, as I stated, which is made out of sheep's milk— uring the war we put the proposition up to the farmers in this ountry to see whether it was worth while to milk sheep and make at cheese, but we found it would require a great many years to erfect the industry, and in addition to that the individual business ould not have been big enough to make it worth while. Some one ied to make an imitation with cow's milk, but they did not succeed. So we have the genuine article imported from Italy to this country, hich is used by those men who are laying your railroad tracks, and e are charging them 23 per cent ad valorem. We claim that just long as such chesse is not manufactured in this country, just so ng as it is used by the poor laboring classes—because cheese, we

all agree, is the next thing to meat, and should be cheaper than meat (and it is not at the present time)—12 cents a pound duty is entirely too high. We recommend that you should go back to a specific duty. If you do nothing else for us, gentlemen, have the Fordney bill go back to a specific duty, make it 5 cents a pound, and if you can not give us 5 cents a pound straight, let us go back to 6 cents, the same as the Payne-Aldrich, but please let us have a specific duty.

Senator McCUMBER. This is made out of sheep's milk, you say?

Mr. SCARAMELLI. Yes.

Senator McCUMBER. What does it sell for in this country?

Mr. SCARAMELLI. It costs 63 cents a pound to import.

Senator McCUMBER. Is that any better than the 45 cents per pound cheese?

Mr. SCARAMELLI. It is not comparable, sir. This is what is known as Roman cheese, made out of sheep's milk. It has a different quality, and there is no comparison whatsoever.

Senator WATSON. And you say that laboring people laying rail road track buy that cheese?

Mr. SCARAMELLI. Yes, sir. They used to at one time buy it by the pound, and now they buy one-half of a pound only. They hav been accustomed to use it from their youth, accustomed to that par ticular taste of cheese, and it will be a hardship for them to be de prived of it. So, if you can not do anything else, go back to a specif rate, make it 6 cents, if you desire, but forget the present rate, whic is unfair to our working man.

In addition to that, I want to explain another matter concernin specific duty: For the last eight years we have experienced all kin of trouble in establishing the real market value before the apprais in New York City, due to the fact that all this cheese is cured fro one to two and three years before it is marketed, and the curin process makes practically every loaf of different quality; and I. I wanted to be a sharp importer, could enter my cheese at 5 ce lower than any of my competitors, and the examiner would absolutely helpless to determine as to whether I was wrong or rig due to the variation in quality.

We had a case the other day at the appraiser's store. The Go ernment advanced some invoices, if I am correctly informed, ju because an agent of this Government in Italy cabled market valu of that particular kind of cheese, which was Roman cheese. W tried the case before the appraiser, and won out, in spite of the fa that you had your own agents cabling the market values. Th goes to give you an idea of how the examiner is all up in the air. T examiner, perhaps one of the poorest paid of Government employe can not expect to be an expert and capable of passing on the val of this class of cheese.

Senator WATSON. Where is Roman cheese made?

Mr. SCARAMELLI. Roman cheese is made in Italy.

Senator WATSON. How much of it is brought in in a year?

Mr. SCARAMELLI. Not very much now, because the production not so very big at the present time.

Senator WATSON. It is not even mentioned in the report.

Senator SMOOT. You say the laboring man buys that cheese a pays a dollar a pound for it?

Mr. SCARAMELLI. He does; though instead of buying 1 pound as ıe used to he now buys one-fourth of a pound, but he wants that kind f cheese; and any time, if you have any Italians in your neighborıood, you see them and inquire about Roman cheese they will tell ou right away whether they want the Roman cheese or not.

It is not fair, gentlemen, that you should insist upon a duty of 25 per cent, which is equal to prohibition.

Senator McCUMBER. What effect does the longer curing have upon he cheese?

Mr. SCARAMELLI. The older it gets the better quality, and some heese is cured as long as four years.

Senator McCUMBER. It gets riper?

Mr. SCARAMELLI. It cures, I should call it. It has a sharp taste, which, for food purposes, is preferable, and none of it is made here.

Senator McCUMBER. It does not have the fragrance of the limerger? [Laughter.]

Mr. SCARAMELLI. Limberger is a different kind of cheese entirely. None of that comes from Italy. Limberger used to come from Gernany.

Senator WATSON. The import of all kinds of cheese is 15,992,000 ounds, 5,000,000 of that was Roman; that leaves 10,000,000 of all ther cheeses.

Mr. SCARAMELLI. I guess it is right. The largest importation of heese in this country now comes from Italy. The next one, I beeve, is Switzerland.

Senator McCUMBER. You do not think that kind of cheese that ou are now speaking of is really competitive with any of the other rands, do you?

Mr. SCARAMELLI. There is none made in this country that finds ompetition with any of the imported.

Senator McCUMBER. I would not think so, if they were willing to ay $1 a pound for it.

Mr. SCARAMELLI. I do not exactly say a dollar a pound. But I mply say to you that it is not made here and there is a big demand r that cheese by the laboring classes.

As I stated, we ask the specific rate of duty be put back.

Senator SIMMONS. You say the laboring man buys and consumes hat $1 a pound cheese?

Mr. SCARAMELLI. Yes, sir; they are doing it now.

Senator SIMMONS. And this duty you speak of does not protect ny American industry?

Mr. SCARAMELLI. It does not, which adds too much to the cost of ving of the laboring classes.

Senator WATSON. Is there any of that kind of cheese produced in his country?

Mr. SCARAMELLI. Absolutely none.

I want to say something about the contracts and call your attenon to the fact that at the present ad valorem duty we can not conract for any cheeses abroad, because with an excitable market three onths from to-day the value may be higher or lower and therefore e can not recontract here in advance without taking a gambling hance.

If you can not see your way clear to make it 5 cents a pound make it 6 cents; but let us go back to a specific duty, because, after all, the valuation of all kinds of imported cheeses does not average more than 10 per cent difference.

I want to say a few words about lemons. The Payne-Aldrich bill had 2 cents per pound on lemons; the Underwood bill lowered it to one-half cent per pound. Now, the emergency tariff bill is 2 cents, and the Fordney bill 2 cents a pound.

There is very little to say about this article except the statistics show that California is supplying to-day 5,000,000 boxes of lemons against 1,000,000 boxes imported from Italy. I am a Republican and have been since I became an American citizen, and expect to be for the balance of my life; and if you can show me that California in increasing this industry to such a large production still needs 10 cents per pound protection in order to get a fair profit out of it let us give it to her—but I do know she is now making a handsome profit—and is it fair, gentlemen, to compel the poor classes to pay so much for lemons, which have become one of the necessities of our table? You have taken wine and beer away from us, and it is up to you to see that we get cheaper lemonade. [Laughter.]

The same thing applies to walnuts from California. Their industry has grown tremendously. I am selling them myself in New York City and prefer selling California walnuts because I get 10 cents a pound higher than for any imported walnuts. Just imagine, 10 cents a pound more, and I can not get enough from California; and yet the Fordney bill wants an increase from 2 to 5 cents a pound.

Senator McCUMBER. You say the California walnut demands a higher price?

Mr. SCARAMELLI. Sells at 10 cents a pound higher than any imported walnuts, and we can not get enough of them from California because they do not grow enough; the consumers prefer the California walnuts.

Senator WATSON. And if we sufficiently protect the industry they will soon be furnishing enough of them to meet your requirements.

Mr. SCARAMELLI. They do furnish them.

Senator WATSON. But I mean enough to supply your demand.

Mr. SCARAMELLI. The reason they sell them is because of the quality. They have been able to establish a demand for their goods and gradually will put the importers out of business. We are having less coming from Europe every year. If you think California is losing money, let us give them 10 cents a pound protection. I want to say to you that we from New York believe that the million people, at least, who live between New York and Chicago claim that California, in this tariff, is getting undue advantage, and we believe it is up to you to see that we get a square deal in the East.

Senator McLEAN. Do you handle the pecan nut?

Mr. SCARAMELLI. No; I do not handle pecans.

Another article that I want to say a few words about is olive oil. The Payne-Aldrich bill had 40 cents per gallon in bulk and 50 cents on 1-gallon cans. The Underwood reduced it to 20 and 30; the emergency tariff 40 and 50, the same as the Payne-Aldrich; and now the Fordney bill changed it from gallon to pound in cans, which means still another addition of 10 cents a gallon in bulk and 25 cents a gallon additional in cans.

Olive oil is, in my estimation, a necessity for everyone, and parcularly the poor classes, and is needed for medicinal purposes. alifornia only grows enough to hardly supply the drug stores. I ill give you the exact figures of the importation of olive oil, which 5,000,000 gallons a year, and California only supplies 350,000 allons.

We are perfectly willing to go back to the Payne-Aldrich bill, of 0 and 50 per gallon, but please stop there.

If you have never tried olive oil, tell your wife to fry fish in it, nd then you will know how good olive oil is. It should be substituted for a great many fats, and I want to tell you if that was one your stomach would feel a great deal better.

Others have been before your committee on olive oil and asked a lifference from bulk to canned, some asking 30 cents, some 15, and ome 20. We claim that 10 cents is sufficient, but if you can not ee your way clear we are perfectly willing to accept 35 cents a gallon in bulk and 50 cents a gallon in cans. Do not forget that a great part of the olive oil coming from Italy is packed with American inplate, and if you could see your way clear in this tariff to give a preferential rate to the countries which use American raw products t might be a good plan. In order to protect California, which does not make enough oil to supply its own State, you are going to have olive oil pay the highest tariff in history; if you think that is right, go to it. But I know you are going to reduce the tariff to what you think is just, and at least back to the Payne-Aldrich bill, when the conditions were normal; and you will make no mistake to use that basis.

We have another article from the Pacific coast, and that is cherries, which had formerly been free since the beginning of history of the cherry trade. They have been taken from the free list, now assessed at 3 cents per pound in the emergency tariff, and the Fordney bill puts it back to 1½ cents a pound.

Gentlemen, every year 75,000 barrels of cherries come from Italy, and only 3,000 barrels are grown in the State of Oregon. The cherries coming from Italy are small for dipping purposes and are used by the American manufacturers here. Are we going to put a duty on cherries, which are needed by the American manufacturers, and are we going to deprive our poor people in the summer time, and particularly the Jewish race, from getting a nice cherry drink from our fountains? It is only fair to state, I would be perfectly willing to accept 3 cents a pound if it can be shown cherries are competitive. It is a different quality of cherries. They do not grow here. The Italian cherries are small, while those grown on the Pacific coast are big cherries. The Fordney bill has given some consideration to my argument, as I spoke before the Ways and Means Committee.

Senator McCUMBER. This argument is made in favor of the higher duty of our growers of cherries in Oregon, namely, that the cherry in Italy being so very much smaller, there are a greater number of them to the quart and to the pound, and in use of a single cherry in the top of ice cream or similar purpose, that you get so many per quart that they can take the place entirely of the American cherry, which is a very much larger fruit and perhaps equal if not more luscious. They base their claim on account of the number of cherries, the very thing which you speak of.

Mr. SCARAMELLI. That is just exactly what I say, because they are small they are preferred and demanded by American manufac- turers; they can use them to better advantage for dipping purposes, and even if they could use the big ones there would not be enough to supply the industry of the United States.

Going to another article, and that is tomato paste and Italian tomatoes: The tomato paste in the Payne-Aldrich bill was 40 per cent ad valorem; under the Underwood bill it went back to 25 per cent and the Fordney bill has advanced it to 28 per cent. Perhaps one reason it was only increased 3 per cent is because I argued this article before the Ways and Means and probably had some weight.

I have a factory in Maryland which cost $75,000 and I make this paste. [Exhibiting sample to the committee.] This other sample is the imported. [Exhibiting another sample.] They are both the same size, 200 cans to a case, and about the same quality inside. I can manufacture for $8 a case. We contracted last summer at $1[illegible] a case. This [imported] cost $14 f. o. b. Naples, with $3.50 duty makes $17.50, and with 50 cents freight makes $18. I find I do not need any protection.

Senator McCUMBER. How can you sell that, or practically have to sell it, for $18 in competition with another which you can sell for $[illegible]

Mr. SCARAMELLI. We do not sell enough of it; that is the trouble. It used to be a bigger industry than it is, and it will come back if you don't pass a prohibitive tariff. I might say to you that the flavor of imported is better than the flavor of the domestic, due to the nature of the tomatoes. There is more food value in this shape of tomatoes than there is to the American, and it has a particular taste which is preferred by the immigrants. They want them, and are willing to pay $5 a case more. Just so long as the high tariff compels them to do so we do not need any more protection. At the present rate of exchange I am figuring the cost when I say $18 per case.

We also have a great deal of trouble in establishing market value. We would much prefer changing this article also to a specific rate of duty. Before the war, under the Payne-Aldrich, we used to get an average of $1.25 per case duty; we are willing to pay $2 and make the price 1½ cents per pound on gross weight; $3.50 is not fair, because while we want to increase the revenue of this country we do not believe it is just to expect that the poorer class should pay $3.50 duty on a case of goods like this. [Indicating.]

Senator WALSH. Are there any other manufacturers of tomato paste than yourself?

Mr. SCARAMELLI. Plenty of them.

Senator WALSH. Then, do you claim that the tariff simply gives you an opportunity to make profits?

Mr. SCARAMELLI. No; it does not make any profit for us [im- porters].

Senator WALSH. You say you can manufacture yours for less than the imported?

Mr. SCARAMELLI. Yes.

Senator WALSH. And can sell it for less?

Mr. SCARAMELLI. Yes.

Senator WALSH. Is there not a temptation to raise your price in harmony with the figure the imported brings in order to make all that you can?

Mr. SCARAMELLI. Certainly; I understand now, you mean that in charging $3.50 duty I can raise the price on domestic accordingly?

Senator WALSH. So the tariff amounts to being a part of additional profit to you?

Mr. SCARAMELLI. Yes. I believe in protection, but if I can make a reasonable profit I do not want any more.

Senator McLEAN. Is there domestic competition?

Mr. SCARAMELLI. A lot of it.

Senator McLEAN. Does not that regulate the price?

Mr. SCARAMELLI. Of course, consumption and demand regulates the price of almost anything; but the main question is, just so long as the American manufacturer can sell his products to a profit, why should you charge $3.50 on the imported, when $2 would be plenty, and you be treating the poor people with justice? Here is a can of tomatoes. The Fordney bill has reduced the tariff to 10 per cent. Of course, that is right. From 25 per cent in the Underwood tariff the Fordney bill reduced it to 10 per cent. Here is the article [exhibiting can of tomatoes to the committee]. It is not manufactured in this country. This [indicating] is the shape of tomatoes that grow in Italy. At my factory in Maryland I have tried to grow these tomatoes, but the farmers would not grow them, because they said it takes too long to pick them. These are the same size cans as domestic and sell at $3 per dozen and the domestic sell at $1.40. We need no protection, and the Fordney bill did rightfully reduce it to 10 per cent, but we claim that instead of keeping it at 10 per cent, which does cause a lot of trouble in establishing market value, we should change to a specific duty and make it ¾ cent per pound, which will give you the same amount of revenue and we will be much happier and satisfied.

The chamber of commerce has made up a series of briefs, which I am not going to read, but which I am offering to be made a part of the record, with your permission, and in one of them is explained our views on the American valuation, which we do not approve of.

In closing, I say to you that my personal opinion, as I did not have a chance to discuss it with the board of directors of the chamber nor with the members—that in reading the President's message, I saw that if it was possible to apply American valuations on such articles that are destroying the industry of our country it may be a good policy. As a matter of fact, personally, I would prefer this, so long as we dealt with justice on the other side; Europe should see that justice be done to us as well; and if any one of those countries over there are shipping goods here that would mean the closing of the industries of the United States, we should protect ourselves.

If the Tariff Commission could gather information and submit proper changes with the consent and approval of the Senate, I believe that from time to time in these days, with everything upset, we would be able to change our tariff without playing politics with it.

Senator WALSH. You preach democracy and vote republicanism, do you not? [Laughter.]

Mr. SCARAMELLI. No, Senator; I believe in the protection of American industry, but at the same time I do not believe in increasing the tariff when it has a tendency to monopoly.

BRIEF OF L. J. SCARAMELLI, NEW YORK CITY, REPRESENTING THE ITALIAN CHAMBER OF COMMERCE OF NEW YORK.

We beg to submit the following statements and recommendations with regard to custom tariff revision:

CHEESE AND SUBSTITUTES THEREFOR.

[Paragraph 710.]

This chamber desires to bring to the attention of your honorable committee facts which which they feel amply justify their contention that the present and proposed method of assessing duty on cheese demands revision.

The Fordney tariff bill levies a rate of 5 cents per pound on cheese valued at less than 30 cents per pound and a duty of 25 per cent ad valorem on cheese valued at 30 cents or more per pound.

In the first place, this chamber is firmly convinced that the duty should be made specific, as it always has been in tariffs previous to the last, the present ad valorem rate having proved unworkable. That it should not be more than an all-round rate of 5 or at the most of 6 cents per pound.

This chamber is opposed to the ad valorem rate, which we consider difficult of application, a breeder of unnecessary litigation, and in the last analysis working to the detriment of the honest merchant and to the advantage of the dishonest, who has no scruples about undervalueing his wares:

When we consider the diversified character of the cheeses imported—each specialty of the different countries from which they come—you will easily understand the task that confronts the appraiser. To add to this difficulty, is the fact that there are various grades of each of the qualities imported. While theoretically it may be possible, we doubt if a man could be found expert enough to do justice to such a task.

Besides, value is not stable, but varies considerably, and this is especially so at the present time, due to unsettled conditions of the foreign-exchange market. It is [illegible] a hardship on the importer who buys in large quantities or upon contract. He has to enter his goods at times at the value paid by a competitor, who buys in much inferior quantities and with goods contracted for which are not all delivered at one time, but is at times compelled to change his entering price on each shipment to make market price, which puts him at a disadvantage in merchandising his goods at these [illegible] with the importer practically out of this market.

The prices of domestic cheese have greatly receded from the high levels reached during the war. This is entirely due to conditions of readjustment, as the imported have in no way offered competition. We are strongly of the opinion that prices will eventually arrive at a level very near prewar times. The domestic varieties will be affected sooner, as its sources of supply have greatly increased during the war, while the imported, with greatly dimished sources, may be more retarded in the decline [illegible] their prices.

This chamber, in consideration of the above stated facts, recommends an all-round duty of 5 cents per pound. This would supply, as it did formerly, ample protection to domestic production, and would be best as a revenue producer, as any higher increase of duty, especially at this time, would, we believe, prove disastrous to the future importation of cheese.

LEMONS.

[Paragraph 743.]

The duty on lemons, equivalent to about one-half cent a pound in the tariff of [illegible] was increased in the emergency tariff to 2 cents per pound since incorporated in [illegible] permanent tariff bill. Now, it is a well-recognized fact that the only lemons imported into this country come from Italy, which supplied, prior to the war, about 2,000,[illegible] boxes a year, out of a consumption of about 5,000,000. The State of California [illegible] sole source of domestic supply, does not produce sufficient to adequately [illegible] domestic demands. During the hot spell experienced in the past summer this [illegible] illustrated when, in the absence of an adequate foreign supply, discouraged by [illegible] high duty, lemons were sold in the New York wholesale market from $12 to $15 per [illegible] This was a sad imposition upon the public during a time when lemons are most [illegible] and most in demand, and many of the less fortunate were necessarily deprived [illegible] price of their salutary use. These unheard of prices for lemons were due to the [illegible] of an adequate supply to meet the requirements of the hot spell, and may happen [illegible] at any time. With the arrival of additional supplies and the passing of the [illegible] heat these prices soon collapsed and shortly after lemons sold around $3 per [illegible]

This conclusively proves the futility of an excessive duty to stabilize prices, and the ultimate danger to the trade and inconvenience to the public involved in the exclusion of the imported article. This might be even more poignantly and sorrowfully brought home in the event of a failure of the California crop, not without possibility, considering its susceptibility to frosts.

Under the circumstances, we consider that the exigencies of the situation would dictate the encouragement of imported lemons under a reasonable tariff, as a protection to the domestic demand and as a safeguard against excessive prices. The high freight rate of $1.50 per box from California to the East, which was used effectively by the lemon growers in obtaining the advance in duty, has been greatly overcome by transportation by water. It now costs about 65 cents to transport a box of lemons from the Pacific coast by the water route, through the Panama Canal, and there is further a great possibility that rail rates will be materially revised downward in the near future, not to speak of the further reduction which will be made possible by the proposed repeal of the Panama toll act, as affecting American vessels engaged in the coastwise trade.

The importation of lemons, which had contracted during the war to about one and one-fourth million boxes, owing to difficulties of transportation, has since shown tendency to recover, but in such moderate proportion (1,419,000 boxes in 1920) as not to represent any obstacle to the profitable marketing of the domestic production, while operating as a safeguard against any monopoly of the market by the organization of domestic lemon growers.

The unprofitable character of the 1920 campaign, both for domestic as well as for imported lemons, which has been hysterically seized upon by the California growers as an argument for the present prohibitive rate on imported lemons, does not prove any ability on the part of imported lemons to undersell the California product, as it it is a well-known fact that the campaign in question proved disastrous for all concerned. That depression was an unavoidable consequence of after-war readjustment, and especially of the closing of the saloons through the enactment of prohibition and the temporary suppression of this important avenue of consumption, as well as a consequence of the high cost of sugar, and above all, of the cool summer, a factor, the temperature being of great moment in the fortunes of the lemon market.

The depression in the Italian exchange which was brought forward as the main argument for the prohibitive rate of 2 cents per pound enacted on lemons with the emergency tariff is a fallacious argument, since, whatever the disparity of the currency, the cost of merchandise is established on a gold basis, and will be higher or lower in lire according to the fluctuations of the exchange. We may state, on the authority of the New York Fruit Exchange, that, reckoning over a period of years, the seasonal average cost of the imported lemons is about $2.50 f. o. b. Sicily, to which, adding $1.58 as the expense incurred in delivering a box of lemons from Sicily to New York, we reach a total cost, for the imported fruit in New York, of $4.08 per box, against an average selling price of California lemons for the last 16 years of $3.92. Under these conditions we fail to see how a tariff of 2 cents per pound on lemons can be sought for any other purpose than that of stopping importation and securing a monopoly of the American market to domestic growers.

In conclusion, this chamber, from the facts above stated, feels justified in respectfully recommending to your honorable committee that the duty on lemons be reduced to 1 cent per pound, or should this be impossible, no higher rate be imposed than that of the Payne-Aldrich tariff of 1½ cents per pound.

WALNUTS.

[Paragraph 758.]

The Fordney tariff bill raises the duty on this commodity from 2 to 2½ cents per pound for walnuts not shelled and from 4 to 7½ cents per pound for shelled walnuts.

This chamber can not consider that the domestic walnut growers are justified in their contention that they require greater protection by higher duties on this article. The California walnut trade has experienced great prosperity in the last few years. From an output of 9,600 tons in 1910, domestic production increased to 28,100 tons in 1919. Such enormous increase, as these figures represent, does not bear out well the contention of domestic producers that they are not sufficiently protected.

While it is true that the importations during that time have also shown an increase, they are nowise so striking.

The total imports of fiscal year 1913 amount to about 13,331 tons, of which 8,145 were unshelled and 5,186 tons shelled. In fiscal year 1920 the importation had increased to 22,391 tons, of which 13,639 were unshelled and only 8,752 were shelled.

These figures demonstrate that, while in the past 10 years California has trebled its production, the imported show only an increase of a little over 60 per cent in the shelled and of about 70 per cent in the unshelled.

We fail to see how these figures bear out the statement that the California producers have suffered from competition of the foreign nuts. It may, therefore, be stated that besides the increase of production, the enormous prices at which their crop has been sold in the past few years greatly added to the prosperity of those growers. As the imported have not competed with them in quantity, neither have they competed in price, the California product having consistently sold at prices far above those realized by the imported.

It may be noted, however, that in these past few years the high prices obtained have shown a tendency to curtail demand, and the best informed men in the trade realize that, if this trade is to maintain the prosperity it has enjoyed in the past, prices must evidently settle at a level somewhat lower than those lately prevailing.

For these reasons this chamber is opposed to any increase of duty at this time, it being convinced that the present duty, having been sufficient for protection and revenue up to now, will be even more so in the future.

Walnuts, like the other nuts in this schedule, are a nutritious food, and consumption should be encouraged rather than discountenanced. The unshelled walnuts, like all other unshelled nuts imported, are used strictly in connection with baking and the manufacture of confectionery. They compete with no industry in this country, and are a necessary article to the trade which they supply. Coming in, as they do, as a raw material, and competing with no home product, duty should only be levied in the interest of revenue. The present rate of 4 cents per pound should be considered ample for this. Any advance would only embarrass this trade, curtail imports, and cause unnecessary high prices here.

This chamber, therefore, respectfully recommends that the duty of 2 cents per pound on unshelled walnuts and of 4 cents per pound on shelled walnuts be unchanged, and in case that is not possible no higher rates be levied than provided by the Fordney tariff bill.

OLIVE OIL.

[Paragraph 50.]

The Fordney tariff bill proposes a duty of 7½ cents per pound both on container and contents, if in containers weighing with the immediate container less than 44 pounds, and of 6½ cents per pound of olive oil not specially provided for. The emergency tariff levies 50 cents per gallon on olive oil in bottles, jars, kegs, tins, or other packages having a capacity of less than 5 standard gallons each; and of 40 cents per gallon in other containers not specifically provided for in said section.

The proposed rates mean an increase over the present duties respectively of [illegible] cents per gallon on oil in bulk and of 7 cents per gallon on oil in packages.

This chamber desires, first of all, to impress upon your committee the necessity that the duty on olive oil should continue at no higher rates than those of the emergency tariff now in force, which already represent an increase of 100 per cent in the duty on oil in bulk and of 66⅔ per cent on oil in package, over the former rates.

Olive oil is a food of prime necessity and medicine besides to a great number of the population of this country, many among the poorer classes in whose diet it takes the place of butter and other fats, with the advantages of the greater economy and the hygienic benefits, exclusively identified with nourishing, upbuilding, and health-giving qualities.

The war has done considerable, and, if not remedied, irreparable damage to the importation of olive oil into the United States. This importation, which previous to our entry into the war had been increasing annually at a rate of from one-half to [illegible] million gallons, has since decreased to an alarming extent and is still far from recovery, as the following figures will show:

United States imports of olive oil.

	Gallons.		Gallons.
1910–11	4,405,827	1916–17	7,533,14[illegible]
1911–12	4,836,515	1917–18	2,537,51[illegible]
1912–13	5,221,001	1918–19	4,283,1[illegible]
1913–14	6,217,560	1919–20	6,312,[illegible]
1914–15	6,710,967	1920 [1]	4,078,81[illegible]
1915–16	7,224,431		

[1] Calendar year.

The reasons of this decrease are numerous and varied. Production has fallen somewhat during the war, owing to the cutting down of olive trees for wood in some parts of Italy due to the penury of fuel, to the lack of fertilizers not always obtainable, to the ravages of the olive fly, and to the lesser care of cultivation forced by the scarcity of labor, called under the colors. The available supply of olive oil, therefore, is lesser to-day than it was before the war, no new planting, except perhaps to replace dead trees, having taken place in the meantime, and, even if it had, with the slow growth of olive trees, requiring decades before they come into bearing, production not becoming available before at least 15 years, unless olive groves are extended in Italy, which was not the tendency in prewar times, there is not likely to be in future, even in favorable years, an oversupply of olive oil in that country.

According to statistics recently published in the New York Journal of Commerce, the olive oil crop in the Mediterranean countries for the season 1920–21 has been estimated at 597,000 metric tons, the following countries contributing to this total: Spain, 210,000 tons; Portugal, 35,000 tons; Italy, 150,000 tons; France, 10,000 tons; Algeria, 15,000 tons; Tunis, 15,000 tons; Morocco, 12,000 tons; New Greece, 70,000 tons; other countries, 80,000 tons. The total world's production of olive oil was estimated a decade ago as ranging between 733,000 and 916,000 metric tons, the decrease in supply being thus manifest.

While the output has been lesser, the cost of production has, on the other hand, greatly increased. To begin with labor, its cost is now seven times greater than before the war, while the day's work, which used to be from sunup to sundown, has dwindled to eight hours. Then the cost of material has greatly increased, the item of tins and cases alone, which was before the war about 10 centesimi (hundredths) of lira per gallon, having reached now 3 lire per gallon. Maritime freight, which figured at 2 cents per gallon in prewar times, is now 10 cents per gallon. Besides this, consideration should be given to the notable increase that has taken place in the price of the oil itself at the primary markets. The result is that to-day American consumers, finding olive oil out of their reach on account of its exceptional high prices, may be compelled to resort to surrogates, such as cotton, corn, peanut, and soya-bean oils, tending to displace it, not on account of their intrinsic qualities, but by reason of their low prices. The fall in the price of surrogates, such as cottonseed oil, is due in large part to the failure to do the usual export business.

The olive-oil trade should be encouraged in the interest of public health. The medical profession universally indorses its high medicinal properties. It does not compete with any home industry. California, the only State producing a little olive oil, and being, next to New York, the largest consumer of imported olive oil, is not a factor in the olive-oil trade, as it does not even produce enough for her own consumption, and has to import largely of this commodity, notwithstanding the advantages of a 50 cents per gallon protective duty, of a 22 cents per gallon transcontinental freight, and of freedom from any fiscal restrictions as to trade operating as a further protection.

The present total area of olive groves in California was estimated in 1918 by the State Department of Agriculture equal to 31,023 acres, of which only 18,801 were bearing fruit and 12,222 had not come yet into bearing. The yield in 1919 was 14,000 tons of olives. It is estimated that with the entire 31,023 acres yielding their full capacity the total would not exceed 24,000 tons, an output, however, which will require many years before it can be reached. As it takes about 1 ton of olives to yield 40 gallons of olive oil, California could not possibly hope to produce in any one year more than 960,000 gallons of olive oil. This represents only 11½ per cent of the total annual consumption of olive oil in this country, which is estimated, according to the importations for calendar year 1919, at about 8,302,000 gallons. But, as a matter of fact, less than one-half of the California olive crop is pressed into olive oil, the balance being packed into tins and otherwise prepared. E. F. Woodward, a California olive grower and authority on this subject, estimated the California olive-oil crop in 1908 at about 350,000 gallons, and it can not have materially increased since then.

Developments of recent years cause us to view the olive-oil importation from another angle. It is coming more and more to be imported as a raw material entering into and developing industry in this country. In the past few years packers of fish—especially tuna and sardines—have used vast quantities of olive oil in their packing. This is practically a new industry developed since the war, and increased cost of olive oil would greatly retard, if not destroy, it. Besides, the packing of olive oil, imported in bulk, into bottles and tins has grown to considerable dimensions, gives employment to many people, and creates a demand for tins, bottles, shooks, and other materials, all of which benefits industry here.

A slight survey of figures gives us a vivid proof of this. Whereas, before the war in 1913, only about one-third of the olive oil was in bulk, we find that in 1919 this had risen to about seven-eighths of the total importation. So that to-day we must consider and treat olive oil more in the light of a raw material feeding an industry here than as a finished or manufactured article entering into immediate consumption.

On account of the material of American origin that the packing abroad requires the importation of olive oil in this country should be looked upon in the light not of competition but as a stimulus to American industry and trade.

While this chamber is in favor of maintaining a difference as now existing in the rates of duty between olive oil in bulk and olive oil in packages of smaller size than 5 gallons, this difference should remain as it is, in order to encourage the use of oil in its original package, and to give to the consumer the guaranty that is carr with it; to discountenance the mixing of a lower with a higher grade of oil, a because most of the packing material, such as tinplate and shooks, used for the oli oil imported, is after all of American origin, of which Italy is the largest buyer in this country, and for which American packing has the advantage of lesser cost.

If the overseas trade of this country, built during the war, is to be continued, must be prepared to take back some merchandise in exchange, as this country ca not expect to be paid always in gold. To this end, it seems advisable to encourag the importation of an article which is one of the staple productions of the Mediter ranean countries and which does not enter into competition with any home produ and besides aids in the development of business at home. Under such a categor should olive oil be classed.

In conclusion this chamber recommends that the rates of duty on olive oil shou remain as they are at present in the emergency tariff, representing already an increa of from 66⅔ to 100 per cent over the former rates, namely, that they continue at cents per gallon on olive oil in bulk and of 50 cents per gallon on olive oil in co tainers of less than 5 gallons. These rates, while ample for the purpose of protectio are also sufficient for revenue purposes.

CHERRIES IN BRINE.

[Paragraph 738.]

They have been taken from the free list of the tariff act of 1913 and assessed 3 c per pound in the emergency tariff. The Fordney tariff bill has assessed them cents per pound.

Cherries in brine have been imported in former years to the extent of 75,000 barrels. These are in the nature of a raw material for use by confectioners and bakers. Cherr of the variety imported, which are smaller in size than the domestic, are not grow to any appreciable extent in this country, and, therefore, do not enter into compe tion with any domestic product. There is no possibility of any large production this article in this country for many years, as the very nature of the tree requir many years before it will bear in sufficient quantity to be of commercial value. Si the 3 cents impost has been in effect the importation has greatly contracted and sm have been the shipments of cherries in brine this year, greatly to the detriment the American confectionery industry, which depends so much upon that import product.

This chamber therefore recommends that, if it is not possible to return them to free list, where they should be, they should be assessed no more than proposed by Fordney tariff bill, namely, at the rate of 1½ cents per pound.

FILBERTS.

[Paragraph 755.]

The Fordney tariff bill raises the duty from 2 to 2½ cents per pound on filberts shelled and from 4 to 5 cents per pound on shelled filberts.

Filberts are not produced in this country in a commercial way, so that the ques of protection to domestic industry has no bearing in the consideration of the du this article.

As a means of revenue, we consider that the present duty, of 2 cents per pound the unshelled and 4 cents per pound on the shelled, is sufficient. Any mate increase in these rates, we are convinced would curtail consumption and defeat ends of revenue.

The unshelled filberts are used chiefly for domestic consumption, and, while exactly a luxury, experience has taught us that a too enhanced value easily

make them become a luxury. At convenient prices, on the other hand, they are readily sold. High prices practically destroy their demand. This has been more than once illustrated in the case of the high prices that have prevailed during the war.

The shelled filberts are consumed almost entirely as a raw material in baking and in the manufacture of candy. To increase the duty it would only add an unnecessary burden to their trade, which would eventually show decrease in demand, as the trade would be forced to use cheaper substitutes.

That the present tariff has worked well for revenue is shown by the fact that importations, from 8,480,118 pounds of unshelled and 1,946,488 pounds of shelled nuts, under the old rates of 3 cents and 5 cents per pound in fiscal year 1913, yielding, respectively, $257,588 and $72,531, with a total in duties of $330,119, increased to 20,581,528 pounds of unshelled and 6,970,072 pounds of shelled nuts, yielding in revenue, respectively, $411,628 and $288,802, namely, a total of $700,430 in 1920 under the present rates.

From the foregoing statement, this chamber concludes that the prevailing rates are the best adapted for the needs of revenue and respectfully recommends that the present rates of 2 cents per pound for unshelled filberts and 4 cents per pound for shelled filberts be continued as they are.

TOMATO PASTE OR SAUCE.

[Paragraph 770.]

The Fordney tariff bill raises the duty on tomato paste from 25 to 28 per cent.

Prior to the war, the importation of this article was about 300,000 cases annually. During its forced absence, American manufacturers have tried to supply this demand, but the greatest output scarcely exceeded 100,000 cases. This is chiefly due to the fact that the domestic product does not attain the high flavoring qualities, nourishing value, and color of the imported. For this reason many consumers have preferred to do without it, rather than use the domestic sauce, which they found unsatisfactory, and consumption was, therefore, curtailed. Prior to the war the domestic, then an insignificant factor, sold at $4 per case of 200 tins of 6½ ounces each, and the imported for about $8. During the early part of the war the price of the imported soared as high as $24 per case, at which price it was preferred to the domestic, which had risen to $12. With the passing of the imported from the market, owing to embargoes, the domestic sold as high as $18 per case, consumption fell considerably, and never reached over 30,000 cases per year. While the cost of production may have increased during the war, it was not enough to justify the rise from $4 to $18 per case. It was simply taking advantage of the absence of the imported. The higher the tariff burden on the imported, the greater the chance given to the domestic to take advantage of the market, profiteering to the detriment of the consuming American public. This article is essentially a part of a poor man's diet, and, going on record in favor of a specific duty equivalent to the present ad valorem rate as applied to prewar or normal prices, this chamber recommends that the duty be assessed at 1 cent per pound.

This rate will approximately assess this commodity at the same duty which prevailed before the war, and, furthermore, taking into account the prewar market price for this commodity, the duty recommended by this chamber will approximately be the same as the duty which is now levied on this article under the present tariff.

CANNED TOMATOES.

[Paragraph 770.]

The Fordney tariff bill provides a duty of 10 per cent on canned tomatoes.

The variety of canned tomatoes imported from Italy is the egg or pear shaped description, not canned here. It could never come in sufficient quantity to seriously affect the immense American pack of tomatoes, which is the largest in the world, and has little to fear from this imported specialty. This is true as to price as well as to the quantity and quality.

Calculating a specific duty on similar lines as above, this chamber recommends a specific rate for this product of one-half cent per pound, which is equivalent to the proposed 10 per cent.

ARTICHOKES, PEPPERS, AND OTHER PRESERVED CANNED VEGETABLES.

[Paragraph 773.]

Likewise artichokes, peppers, and other preserved canned vegetables, which, while grown, have never been successfully canned here in any quantity and which the Fordney tariff bill assesses like the present tariff at 25 per cent, should also be assessed at the same rate of specific duty of 1 cent per pound.

PRESERVED FISH.

[Paragraph 721.]

Many of the varieties of imported fish are assessed under paragraph 721 of the Fordney tariff bill at the rate of 26 per cent ad valorem if packed in oil, and at the rate of 20 per cent if salted and in immediate containers, weighing with their contents not more than 30 pounds each, and at the rate of 1½ cents per pound if in containers weighing with their contents more than 30 pounds each, including the weight of the immediate container with the contents. They generally follow the lines of other imports in being specialities, and as a rule not found or not much produced in this country. Some, like the anchovies, have not adequate substitutes here. Of other qualities, like tunny, while good imitations are packed on the Pacific coast, it may, however, be said that they are not the same type of fish. The tunny from the Pacific coast, while an excellent fish, has not the taste of the Mediterranean and does not adequately supply the wants of those seeking the latter. While sardines have been extensively packed in olive oil during the war, they have not succeeded, however, in acquiring the patronage of the consumers of sardines. The latter-day demand is falling off considerably for these articles, showing conclusively that the discriminating public, when it can not have the genuine article prefers to do without it.

Duties should, therefore, be assessed so as not to put too great a premium on the justifiable satisfying of the wants of this particular consuming public. The fish, packed in oil, is now to be assessed 26 per cent. Following our suggestion to make rates of duty specific, and equivalent to the present ad valorem rate as applied to normal prewar prices, this chamber recommends that the duty on fish in oil be placed at 2½ cents per pound. As to fish in brine, this chamber recommends that it be assessed at the specific rate of 1½ cents per pound, excepting salted sardines or sardelle, which is a cheap variety of fish not prepared in this country, for which this chamber recommends a specific duty at the rate of 1 cent per pound.

PEAS AND BEANS, PREPARED AND PRESERVED.

[Paragraphs 763 and 767.]

The Fordney tariff bill raises the duty on these commodities from 1 to 2 cents per pound, an increase which this chamber considers excessive.

There is no question that, considering the advantages of modern facilities employed in packing and the vaster supply of the raw materials, prepared vegetables can be packed at least as cheap in this as in any country of the world, even allowing for the higher cost of labor, the difference of which in the aftermath of war is comparatively less to-day than it once was. In general, during the war the importation of the articles covered by the above-stated paragraphs was practically stopped by embargoes placed by foreign Governments on the export of food products from their respective countries. A survey of statistics gives us ample proof of this, as imports of prepared vegetables, which in fiscal year 1914 had reached the total of $4,710,137, fell to $1,593,[illegible] in fiscal year 1919.

This chamber, while considering the rates superfluously high, and believing that 1 cent per pound would be ample, indorsed, however, the principle of assessing the duties on preserved vegetables, and generally on food products whenever practicable, on a specific basis. Ad valorem duties are always more or less breeders of misunderstanding or litigation. Many times the honest importer becomes an innocent victim. The dishonest is ofttimes benefited. Specific duties would do away with these injustices and the unpleasantness of litigation.

Value is a fluctuating quantity and is not easily arrived at. This is more so in the case of imported articles, which are more or less specialties, and in the case of which prices vary according to the prestige of the different packers. Another fault of the ad valorem duty is that it presupposes that all exporters sell and all merchants here purchase at the same price, as the entering price is the same for all.

This is far from true and works to the detriment of the larger operator or of the brewder merchant. It works to the disadvantage of the man who buys on contract or future delivery, as the entering prices may be changed on each arrival and place him at times in great difficulty to ascertain the proper entering value. It increase the hazard of the importer's speculation, for, besides the danger of fluctuation of the goods, he must also contend with similar fluctuation in the duty.

HEMP AND HEMP TOW AND HEMP HACKLED, KNOWN AS "LINE OF HEMP."

[Paragraph 1001.]

The Fordney tariff bill takes this raw material from the free list and levies on hemp and hemp tow a duty of three-fourths of 1 cent per pound and on hackled hemp 1½ cents per pound.

Hemp is a raw material essential to and largely employed in the manufacture of high-grade cordage and twine, in which is required great tensile strength, of shoe and harness threads, in which like qualities are also of primary importance, of carpet yarns, and of rough linens; all uses, these, for which the Italian raw hemp has valuable qualities of its own, far superior to all other hemps, that can not be substituted by any other fiber. The best twine, for special purposes, are made of this material, which has strength and durability superior to those of any other hemp, surpassing them in quality and usefulness.

It is, therefore, important that this article, representing a raw material necessary to American industry, should be maintained on the free list, where it was placed at the last tariff revision, in recognition of the just claims of American manufacturers of cordage, twine, carpet yarns, and linen to have it exempted from fiscal burden. Any duty on it now would be a hindrance to American manufacturers, and a burden to American consumers, who for special purposes can not do without it.

According to the census of 1914, the cordage, twine, and linen industries of this country alone used 22,752,353 pounds of hemp and hemp tow, valued at $1,861,817, against 19,724,070 pounds for $1,496,125 in 1909. Of the amount used in 1914, ,318,771 pounds valued at $1,583,354 were manufactured into hemp twine, an increase over the corresponding production of 1909 of 8,013,349 pounds, valued at 1,091,291. In 1914, 5,707,668 pounds, valued at $3,409,136, of linen thread and ,739,628 square yards for $1,765,798 of linen fabrics were produced in the United States, showing increased value in comparison to 1909. The fact that, besides the cordage, twine, and linen industries, with a yearly aggregate output of products valued $65,000,000, the use of hemp is allied to a good many others, such as the carpet industry, representing alone a yearly production of $69,000,000, shows how wide is the field of application and usefulness of this article.

Hemp was largely imported before the war. In fiscal year 1914, 8,339 tons, valued $1,472,460, were received. Although war restrictions and requirements interfered with this trade during the last five or six years, and a difficulty in procuring this material was experienced in every industry using it, because of its having been requisitioned for war purposes, with the cessation of hostilities it again became available in the usual channels of commerce, but under the disadvantage of the high prices to which the war has raised this article, as shown by an average cost of $666.25 in 1919 against $177.34 per ton in 1914, little has so far been imported.

Its use will unquestionably increase with the approaching of normal prices, provided its cost is not increased by a duty impost, which would be injurious to many industries hitherto employing this hemp, and made possible by reason of its freedom from duties. As it can not be substituted by any other material, its higher cost and consequent lesser use would only cause less efficiency and lesser possibility for American manufacturers of competing successfully in the world's markets with their products.

This chamber does not ignore that the high prices which have prevailed during the war have stimulated the production of hemp in the United States, especially in the fertile limestone soils of the blue-grass region of Kentucky, in the rich prairie and limestone soils of Wisconsin, on the alluvial bottoms and basins of California, and on the muck lands of Ohio, Indiana, and Michigan. Production in this country has developed under the present fiscal regime of exemption from duty, because the price of hemp has been profitable. Otherwise it will pay the American farmers far better to grow other crops, such as wheat and tobacco, giving better financial returns. In fact, notwithstanding the protection at first of $20 and then $22.50 per ton on hemp, which existed in the two tariffs that preceded the present, domestic production never exceeded a yearly output of 5,000 tons, and was usually below that figure; while in

1917, without any protective duty on hemp, whether raw or hackled, domestic pr duction was reported to have increased to about 25,000 tons.

The growing of hemp is in a thriving condition, because machinery has brou about a revolution in this industry. Hemp is now grown and handled as easily a staple American crop. The drudgery of hand labor has been eliminated, and the few years' crops have been handled throughout by labor-saving machinery. Pr viously the crudest devices had been used in growing and handling the crop, wit excess of hand labor that made the production too expensive. All this has changed.

The hemp harvester, which was used for the first time in 1917, has become other specially devised machinery now used in this country, a revolutionary f in hemp production. This machine, another American invention to be proud of, and spreads the hemp stalks at one operation, and it does a better job of spreading retting than is done by hand, as they still do abroad. And while prior to 1917 lifting and breaking of the stalks was done by hand, now a gather binder is used

Central mills for breaking the hemp stalks and cleaning the fiber by efficient chinery are another recent and far-reaching addition to the hemp industry breaking and scutching process, which remained a back-breaking drudgery recent years, is now performed in this country entirely mechanically, so that production of hemp, from the time when the seed is planted in the ground latter stages of elaboration of the fiber in its finished baled condition of hemp, of hemp, and hemp tow, is performed by such modern and improved labor-saving chinery as to reduce the factor of labor in its cost of production to a minimum. to these improvements, hemp is produced to-day in this country, notwithstandi the higher cost of labor, far more cheaply than abroad, where hand labor still pr requiring a far greater number of operatives to perform the same work which is done by machinery with very little help.

The above is sufficient evidence that the hemp industry has not only been tained but actually prospered without governmental aid. It has, in fact, a competitor of the imported, now confined to the manufacture of high-grade as shown by the decreased importations of this article since 1917, the year that the revival of the American hemp industry, when importations have been as fol Fiscal year 1917, tons 9,635, valued at $2,487,477; 1918, tons 6,813, worth $2,7 1919, tons 2,396, valued at $1,601,349; 1920, tons 4,076 for $1,735,273.

From the foregoing facts it is evident that no duty is needed by American gr of raw hemp for the purpose of protection, as their industry, under free trade grown to such an extent that it is capable to exist and prosper on its own me Further, that exemption of hemp from duty means protection to American ma facturers, who, by the free avenues of supply of this raw material, are enabled develop the production of the manufactured article and to stimulate consum of which the first to benefit is American production. Furthermore, that the ing of any duty on raw hemp would yield very little revenue to the Govern $100,000 or $125,000 at the most, would handicap manufacturers, and bring no to the growers.

This chamber, therefore, respectfully recommends that hemp and tow of he and hemp hackled, known as line of hemp, which does not advance it further th condition of raw material, be returned to the free list.

HEMP YARNS.

[Paragraph 1004.]

Imported now under duty on the basis of 12 per cent ad valorem on yarn no than 8 lea or number; 20 per cent ad valorem finer than 8 lea or number and finer than 80 lea or number; finer than 80 lea or number, 10 per cent ad valor it is strongly recommended that these duties be maintained without the incre proposed by the Fordney tariff bill, which would levy on single hemp yarns not than 8 lea, 8 cents per pound, but not less than 20 per cent; finer than 8 lea and finer than 60 lea, 8 cents per pound plus one-half cent per additional lea, but less than 23 per cent; finer than 60 lea, 35 cents per pound, but not less than cent. The proposed increases would stop all importation of a semiraw mat such as this, which is in the interest of American manufacturers in various lin industry to obtain at the least possible cost.

Previous to 1913 yarns of this nature were not imported to any extent, and over the figures showing the importation for the following years, it is to be that, while not in very large quantities, these yarns were, however, import quantities varying from several thousands of pounds in 1913 to about 300,

,000 pounds in 1914, and about 1,000,000 pounds in 1915–16, decreasing again in down to zero in 1918, on account of transportation difficulties and export restrics at countries of origin. In 1919 the importation again started, reaching about 0,000 pounds in 1920.

hat has been imported is almost all yarns of the coarser grades suitable for twine cordage making or for filling purposes in the manufacture of carpets. The conption of this yarn by the home industries, is without comparison, by far, greater the amount of pounds imported and likely to be imported in the future under present tariff, which proves that the present tariff protects amply the home stry of hemp yarns. It gives, in fact, possibility of importation on a very comtive price and on a very small scale; while on the other hand it is very advanous to American industries using these yarns, as this competition keeps the price just level (the raw material being free of duty) and assures the consumer of havalways the best material, which answers its purpose best.

ported hemp yarns, especially those not finer than 8 lea, supply a pressing need e American carpet industry. Yarns of this class are scarcely manufactured in United States owing to the difficulty of production, and to the objection of labor e hard work necessary to their manufacture. Some spinners have been coml to abandon the production of this line of yarns because of unwillingness of labor rk at it, so that there are only two or three spinners in the United States producing kind of yarns and providing an insufficient supply of same for the needs of the rtant carpet industry of this country. Carpet manufacturers are therefore coml to resort to more expensive substitutes, to the detriment of their industry.

returning the raw hemp on the free list (therefore placing the American yarn facturers from the start on the same basis of the foreign), it would seem that a ranging from a minimum of 12 per cent to a maximum of 20 per cent ad valorem ld protect the American manufacturer to such an extent (also in consideration of t that the ocean freight and insurance on yarn is evidently much higher than ean freight on raw material) that any higher duty should be unfair to the ultimate ican consumer of the yarn.

wever, it seems as if a lower rate of duty should be advantageous to American t manufacturers on these yarns, as the price of same would consequently lessen. present basis of duty guarantees a steady revenue to the United States Treasury, on the basis of 12 to 20 per cent must have varied, it is presumed, anywhere $20,000 to $50,000 yearly. If the duty should be increased, this revenue would ubtedly be stopped immediately.

chamber, in consideration of the above-stated facts, recommends respectfully the proposed rates of the Fordney tariff bill on hemp yarns be reduced 75 or 50 cent less than the proposed figures; and, should this be impossible, then that they replaced by paragraph 341 of the Payne-Aldrich tariff (1909) substituting, however, ad valorem rates therein stated by equivalent specific rates.

HEMP THREADS, TWINES, OR CORDS.

[Paragraph 1004.]

The Fordney tariff bill assesses duties on threads, twines, and cords not finer than 8 , 16 cents per pound; finer than 8 lea and not finer than 60 lea, 16 cents per pound d three-fourths of 1 cent for each additional lea or part of lea in excess of 8; and r than 60 lea, 56 cents per pound; but in all such cases not less than 23 per cent.

The importation of these articles has been practically nil under the present tariff of per cent if not finer than 5 lea and of 25 per cent if finer than the proposed Fordney much higher than even the Payne-Aldrich tariff rates would make importation lutely prohibitive.

The chamber therefore respectfully recommends that the proposed rates on threads, es, and cords of the Fordney tariff bill be reduced to 75 or 50 per cent less than the osed figures; and should this be impossible, then that they be replaced by paraph 340 of the Payne-Aldrich tariff of 1909.

LEATHER GLOVES.

[Paragraph 1433.]

his chamber does not ignore that the manufacture of gloves has become an imtant industry in the United States, turning out, according to the census figures 914, 3,082,376 dozen pairs of gloves, valued at $21,614,107. Compared to these res, the 562,018 dozen pairs of gloves, valued at $7,920,750, imported in fiscal

year 1920 are a relatively unimportant factor, importation supplying only one-fifth of the consumption.

The gloves import trade has been hurt considerably by war conditions, which have practically reduced it to one-half of its former level of 1,183,443 dozen pairs, imported in fiscal year 1913. This has given American manufacture an opportunity to replace the gloves formerly supplied by foreign countries, a trade which has labored since the war with restrictions and difficulties of all kinds, chiefly lack of materials, increased cost of production, and taxation, higher freights and insurance rates.

To-day imported gloves play but a secondary rôle in the supply of American consumption, and their field is practically confined to women's gloves, which is not the principal line of production in this country. While, in fact, 76.8 per cent of the domestic production was in 1914 of men's gloves, 9.4 per cent of gloves for boys, only 13.8 per cent represented women's and children's gloves. On the other hand practically 9[illegible] per cent of the importation in fiscal year 1920 was of women's gloves, and only [illegible] per cent of men's gloves.

Importation, therefore, takes place in a line of production that affects the least the domestic manufacture. The latter, notwithstanding the higher cost of labor in this country, can partly offset this disadvantage by more intensive, more systematic and quicker methods of production, by lesser cost of power, by greater economy in freight and distributing expenses, and by the privilege of nearness to market. By the further aid of reasonable and not prohibitory duties, which are sufficient for protection on an article, like gloves, of ordinary apparel and not a luxury, is well able to maintain its dominant position in the supply of consumption, notwithstanding any temporary ability, through abnormally depreciated exchange, of foreign manufacture to supply this market at attractive prices. Any such possibility is, however, only temporary, as no stable business can be developed on a unstable exchange, which is bound to recover from its present depression in a no distant future.

Had it not been for the fact that the rates on gloves of the Underwood tariff are not of a prohibitory character, importations would have been impossible since the war. Now that it is showing symptoms of recovery, after unprecedented difficulties, it should not be killed by the reenactment of prohibitive rates such as those proposed in the Fordney tariff bill equivalent to an increase of at least 100 per cent on foreign cost.

This chamber, after careful study of the fiscal régime on gloves, begs leave to submit hereunto a comparative statement of the present (Underwood) and the proposed (Fordney) rates, together with its own recommendations in the matter, to which it respectfully bespeaks the consideration of this honorable committee:

Gloves (leather).

	Underwood tariff.	Fordney bill.	Our recommendations.
1. Men's, women's, or children's glace-finish Schmaschen (of sheep origin).	Not over 14 inches in length, $1 per dozen pairs and 25 cents extra per dozen pairs additional for each inch in excess of 14 inches.	Not over 12 inches in length, men's, $4; women's and children's, $3 per dozen pairs and 50 cents extra per dozen pairs for each inch in excess of 12 inches.	Not over 14 inches in length, $1.50 per dozen pairs and 25 cents extra per dozen pairs for each inch in excess.
2. All other women's and children's gloves wholly of leather.	Not over 14 inches in length, $2 per dozen pairs and 25 cents extra per dozen pairs for each inch in excess.	....	Not over 14 inches in length, $3 per dozen pairs and 25 cents extra for each inch in excess.
3. All men's leather gloves, n. s. p. f.	$2.50 extra per dozen pairs.	....	$3.50 extra per dozen pairs.
4. If lined with cotton or other vegetable fiber.	25 cents extra per dozen pairs.	$2.40 extra per dozen pairs (except if lined with leather).	75 cents extra per dozen pairs.
Lined with knitted glove or with silk, leather, or wool.	50 cents extra per dozen pairs.	....	
Lined with fur...........	$2 extra per dozen pairs..	Lined with fur or leather, $4 extra per dozen pairs.	$3 extra per dozen pairs.
All pique and prix seam gloves.	25 cents extra per dozen pairs.	Embroidered or embellished, 40 cents extra per dozen pairs.	40 cents extra per dozen pairs.

ARGOLS OR CRUDE TARTARS AND WINE LEES, AND TARTARIC ACID.

[Paragraphs 1 and 9.]

Argols and tartaric raw materials, containing no more than 90 per cent of potassium bitartrate, are subjected by the Fordney tariff bill to a duty of 5 per cent ad valorem, namely, to the same rate as at present in force and containing above 90 per cent of potassium bitartrate to 5 cents per pound, the same rate being levied on cream of tartar and Rochelle salts; tartaric acid is rated at 6 cents per pound.

The proposed rates represent an increase of 100 per cent on argols containing more than 90 per cent of potassium bitartrate on cream of tartar and Rochelle salts, and an increase of 87.50 per cent on tartaric acid.

Argols and wine lees are the raw materials from which cream of tartar, Rochelle salts, and tartaric acid are manufactured. They are by-products of the wine industry, the only available source of tartaric acid which has not yet been obtained synthetically. Tartaric acid and its salts are used chiefly in the preparation of medicinal compounds and of food products, as in baking powders and beverages, as mordants in the printing of fabrics and in other technical uses. The most important use is in the manufacture of one variety of baking powder, extensively consumed in this country in domestic bread making and also exported. The yearly output of the baking-powder industry alone represented in the United States, according to the census of 1914, a value of nearly $22,500,000 and an invested capital of over $35,000,000, giving work to over 3,600 persons. Exports of these, which had, like the industry, been steadily increasing, represented in fiscal year 1918 nearly $2,000,000. Even before prohibition was enacted, which cut off any American supply, the American wine industry furnished only 1 per cent of the world supply of tartaric raw materials. This country to-day is wholly dependent upon the wine-making countries of the Mediterranean, and chiefly upon Italy, France, Algeria, Spain, and Portugal, for its importations of tartaric raw materials. Importations, taking one year with another and allowing for war or tariff conditions, have been pretty steady, with a tendency of late years to increase, as shown by the fact that, while during the first five years of the past decade they averaged yearly about 28,035,000 pounds, they have during the last five years averaged 30,050,000 pounds.

It has been the traditional policy of the United States to encourage the importation of these crude materials, and this policy should be adhered to by leaving unchanged the present ad valorem rate of duty on argols or crude tartars and wine lees, which befits a product the value of which varies according to its actual contents in tartaric acid.

Imports of cream of tartar gained with the removal of the 5-cent rate which obtained previous to fiscal year 1914, and had kept importations for the period 1911–1913 at a yearly average of 57,710 pounds. The present rate of 2½ cents per pound, which replaced the former in 1914, has increased importations to a yearly average for the three fiscal years ending June 30, 1918, to 68,556 pounds, the large amounts imported in 1914 and 1915, respectively, of 812,857 and 764,868 pounds being due not solely to the change in the tariff but mostly to the stress of war conditions, stimulating importations in order to provide for emergencies as evinced by their falling back to a more conservative average in the following years. This shows that the readjustment of the rate under the tariff act of 1913 has operated advantageously for the interest of revenue and practically without prejudice to American refiners, as the unabated, in fact increased, imports of raw materials clearly demonstrate.

A somewhat analogous course is shown by the importations of tartaric acid, which from a yearly average of 149,014 pounds for the period of fiscal years 1909–1913, when the rate was first 7 and then 5 cents per pound, increased with its reduction to 3½ cents in the last tariff act to an annual average of 393,588 pounds during the last five fiscal years, after having attained somewhat striking totals in 1914 with 848,574 pounds, under the stimulus of the tariff change, and in 1915 with 820,105 pounds under the stress of providing for war emergencies. It is true that importation from a moderate increase in previous years, accentuated somewhat in 1920, when a total of 797,367 pounds was reached; but this is solely to the exceptional conditions of the foreign exchange, which have prevailed during that period, the only time when it became possible for foreign manufacturers, on account of the unprecedented depreciation of the lira, to sell their articles to any extent on this market, which had always before been controlled almost entirely by home manufacturers. Had it not been for the exceptionally abnormal exchange, foreign manufacturers would not have been able to sell to any appreciable extent on this market, the tariff having, since the war, played a relatively unimportant rôle in influencing imports into the United States in comparison to the exchange, with its striking fluctuations.

The present spasmodic conditions of exchange can not, however, last much longer, as they are neither in the interest of Europe nor of this country. A more settled and stable condition is bound to follow in the no great distant future, and it would unquestionably be unfair and inequitable to base our calculation in assessing duties to-day on the existing disparity, which can not endure. If they were so based, upon return to more normal conditions the protection accorded to domestic manufacturers would be increased to such extent as to work prohibitively on importation, and, while giving the manufacturers in this country an undesirable monopoly of the market, would also void the purposes of revenue and destroy a sound competition that alone would ultimately benefit the consumer.

The cost of manufacture in Italy has increased greatly since the war, labor being paid now for an 8-hour day fivefold what it received before the war for a 9-hour day. In the supply of materials required in the manufacture other than tartaric raw materials it is almost superfluous to state that Italy is at a great disadvantage when compared with this country, expecially in the items of machinery, coal, and chemical supplies, which it has to import from this country, on which it has to pay freight and duty, and which offset any disadvantage of the American manufacturer for the difference of freight paid on the greater bulk of the tartaric crude material in comparison to the finished products.

As soon as an improvement in exchange shall have eliminated that the margin which only of late has made possible importations into this country, and as soon as a more settled state of industrial conditions, both here and abroad, shall have made more stable the present fluctuating cost of production, it will be seen that the present rate on tartaric acid is sufficiently protective for domestic manufacturers, who have found in the increased consumption of tartaric acid, through the enactment of prohibition, a compensating factor for the temporarily increased imports of this useful organic acid.

On the contrary, the proposed increase from 3½ to 6 cents per pound on tartaric acid could operate as injurious to the importation of this commodity as did the Dingley rate of 7 cents and the Payne-Aldrich rate of 5 cents, which practically killed the import trade.

The present rates of 3½ cents per pound on tartaric acid and of 2½ cents per pound on cream of tartar have stimulated imports without visible prejudice to American manufacturers, whose importations of crude materials have continued to be equivalent to more than five times those of the refined articles, and appear therefore to this chamber as the optimum rates both for the purpose of revenue and for that of protection, and this chamber therefore asks that they continue unchanged. Should, however, an increase be deemed unavoidable, this chamber respectfully recommends that the rate on tartaric acid be fixed at no more than 5 cents per pound.

CITRATE OF LIME AND CITRIC ACID.

[Paragraphs 1 and 46.]

The Fordney tariff bill places a duty of 7 cents per pound on citrate of lime, an increase of 700 per cent against the present duty of 1 cent per pound, on raw material necessary to American industry and hardly produced in this country.

Citrate of lime, the raw material from which citric acid is manufactured, is an indispensable material to American manufacture, of which this country imported annually before the war between five and six million pounds and to a somewhat greater extent in fiscal years 1915, 1916, and 1917 to make up for the lesser amount imported in 1914, when it had just been taken off the free list, and placed for revenue purposes under a duty of 1 cent per pound. During the two fiscal years that followed our entry into the war, importations were restricted owing to the unsettled conditions of shipping, so that receipts in fiscal year of 1920, amounting to about 10,500,000 pounds, made up for the deficiency of the two previous years.

While California has, since the war, started the industry of citrus by-products, its production is still of small importance in comparison to the large amount of citrate of lime needed by American manufacturers of citric acid. In 1919 the California production of this raw material was reported equal to about 232,000 pounds, and that of citric acid to about 75,000 pounds, which means that California does not supply at the present time more than 5 per cent of the citrate of lime annually imported in the United States, and does not produce more than 2 per cent of the citric acid manufactured in this country. Even allowing for such increase in the output of domestic citrate of lime as seems reasonable, in view of 75 per cent increase in acreage of now nonbearing lemon trees coming into production in the distant future, it is hardly to be expected that the output of citrate of lime in California would

rease to any important percentage of the supply needed by American manufacturers of citric acid. The production of it has increased from 2,102,256 pounds in 1916 to ,032,897 in 1917, notwithstanding the lowering of the rate of duty from 7 to 5 cents per pound at the last tariff revision, which deduction, while it increased importations from a yearly average of 78,964 pounds during the period of fiscal years 1910-1913 to an average of 571,765 pounds since 1913, did not reduce the average annual importation of citrate of lime into this country. The latter increased on the contrary from a yearly average of 5,152,864 pounds in the period 1910-1913 to one of 5,867,000 during the last seven fiscal years ending June 30, 1920. This shows that the moderate lowering of the rate on citric acid has not worked to the prejudice of American manufacturers, while any loss to revenue ($10,435) has been amply offset by the gain from the 1-cent rate on citrate of lime ($58,670) assessed for revenue purpose.

The manufacture of citrate of lime in Sicily, from which is derived 95 per cent of our supply of this imported raw material, is an important feature of the lemon industry, of which it absorbs the culls, representing about 30 per cent of the lemon production. It had to be organized in a sort of cooperative form to insure its existence from the ruinous depression that ruled formerly. During the war, which had a depressing effect on the exportation of the fruit, owing to unsettled shipping conditions, it converted into citrate of lime the surplus cull production, which was somewhat greater than usual, but owing to the scarcity of labor, the shorter hours of work, at least the fivefold increase in wages, and the much higher cost of coal and other materials the cost of manufacture has also augmented greatly the price of citrate of lime, which was 8? 5 lire per quintal, having risen to 700 lire per quintal in 1919.

Under the increased cost of this raw material and other disadvantages confronting manufacturers in this country, such as increased freights, increased costs of labor and materials, etc., and considering that even for a good many years to come California will not be in a position to supply any appreciable amount of this article, we believe that no higher duty than the present rate of 1 cent per pound should be levied on citrate of lime and such is the earnest and respectful recommendation of this chamber.

The Fordney tariff bill proposes a duty of 12 cents per pound on citric against 5 cents in the present tariff.

Citric acid is consumed principally in the manufacture of beverages and effervescent salts; also in some lines of technical use. After the spurt in imports, caused by the shipment in 1914 of amounts which had been held up previously in expectation of a tariff change, and in 1915 by war-emergency requirements, especially since New York replaced London to a large extent for the reexportation of citric acid to Central America, the West Indies, and Far East, it was only with the abnormal conditions of exchange, which in this, as in many other cases, has influenced importations more than the tariff itself, that any chance of business has existed for imported citric acid, a condition which is only temporary and will disappear as soon as the exchange shall have dropped to a less abnormal level, an improvement which can not be too far distant.

It would be not only unwise, but also unfair, in the present unsettled and particularly hysteric condition of the exchange, when cost of production abroad, as well as here, can not always be reliably calculated, to base rates of duty, which are destined to become permanent, on criteria to offset the depreciated currency of the country of origin, as, upon return to more stable conditions this would eliminate any further possibility of importation and give the manufacturers in this country a monopoly of a market which they are unable to supply.

If cost of production has increased in this country since the war, it has to a far greater extent augmented on the other side, where the economic changes brought about by the war have been felt even more acutely than here, in the cost of labor no less than in that of fuel and materials other than citrate of lime, in freights no less than in overhead expenses, without the favorable prospect for increased consumption of citric acid shown by this country since the advent of prohibition.

The domestic industry, notwithstanding the higher cost of labor enjoys over Sicily decided advantages in the cost of production of citric acid. In fact, while citrus culls in California are shipped to the factory by the carload, in Sicily they have to be carried in most cases by animal traction at a relatively higher cost of transportation. Moreover, the cost of fuel and materials, important items of the cost of production, is higher in Sicily than in this country, and the wider use of labor saving machinery by domestic manufacturers counterbalances to a great extent the higher cost of labor.

With reference to a statement made by H. M. May of the Exchange Products Co. of Corona, Calif., before the Ways and Means Committee of the House, relative to the cost of working 1 ton of lemons into citric acid, reported in a total of $14.76, equal to a unitary cost of citric acid of cents 36.9, this chamber wishes to point out that the reported items of said cost are rather exaggerated, especially the item of labor reported for 1 ton of lemons equal to $4.69, as 3½ hours of labor required for such elaboration are

certainly not paid in California, $4.69. The unitary yield of citric acid from 1 ton of lemons is moreover reported of only 40 pounds while it is in fact of 43.69 pounds, which would lower to 31.5 cents the unitary cost of production of citric acid.

Under the present rapid readjustment to a prewar base of the price of citric acid the present 5-cent rate represents already a protection of over 10 per cent to the American manufacturer.

In consideration of the afore stated facts, showing that the present duty of 5 cents per pound on citric acid, while sufficiently protective for American manufacturers, is also the safest for the purposes of revenue and the interest of consumers, this chamber recommends respectfully that it be maintained unchanged and that, should an increase be unavoidable, a return to no higher rate than that of 7 cents per pound of the Payne-Aldrich Act, be adopted.

CITRON AND CITRON PEEL IN BRINE AND ORANGE AND LEMON PEEL IN BRINE

[Paragraph 740.]

Citron and citron peel is not produced in this country and has to be imported entirely for the requirements of confectioners, which is done by shipping this raw material of the candying industry preserved in brine. This commodity has always been admitted free of duty, but the Fordney tariff bill places a duty on it of 2 cents per pound, wholly unjustified, as there is no domestic industry to protect, and the import amounts, therefore, to a burden on confectioners and consumers.

Likewise the orange and lemon peel referred to in the above paragraph is the peel of these fruits, shipped in brine, for the purpose of candying or preserving. It is essentially a raw material required by confectioners and not obtainable in commercial quantities except from the countries where the citrus-fruit by-products industry makes this by-product available. The quantity produced in California, where the citrus by-products industry has just been started, is yet insignificant in comparison to the demand. Importation of this article is therefore devoid of any competitive character.

It is important that manufacturers of candied fruit in this country should obtain these products as cheaply as possible, which could not be the case if they were burdened with duty. For obvious reasons, making further explanation superfluous, this chamber, in the interest of American industry and labor, earnestly entreats your honorable committee to return these articles to the free list.

ALMONDS.

[Paragraph 754.]

The Fordney tariff bill raised the duty of 33⅓ per cent, namely, from 3 to 4 cents per pound on almonds not shelled, and of 300 per cent, namely, from 4 to 12 cents per pound, on shelled almonds.

While almonds may be classed by some as a luxury, they in fact represent a very valuable food product. They are a nutritious and healthy food. Those imported in the shell find their utility for household use, while the shelled supply the bakery and confectionery trade. During the past few years, when prices soared considerably, the demand was greatly curtailed, showing conclusively that this article can not stand more than a reasonable impost. Any considerable increase in the price of almonds can not fail to do immeasurable damage to their consumption. The California crop has grown to considerable proportions, the 1919 crop, which was the largest ever recorded, being estimated at 7,250 tons. This is ample proof that domestic production is sufficiently protected by the present tariff rates, which have in no way retarded the development of this industry in that State. In the same year 1919–20 importations of almonds unshelled amounted to only 3,700 tons, while that of the shelled amounted to over 13,000 tons.

While the importation has shown increase, it has been gradual, especially in unshelled almonds. The shelled has shown the most striking increase, having doubled since 1913. The reason for this is that shelled nuts are not an industry here, and the trade which it supplies, the bakery and confectionery, have shown tremendous expansion during that period.

The more rapid increase in the demand of California unshelled almonds as compared with the imported shows conclusively that the California production has little to fear from the competition of the imported. The present duty of 3 cents a pound represents about one-fifth of the value, and it is amply sufficient to cover any protection.

As to the relative cost of production here and abroad, there is no widespread differ-nce. Almonds, being an arboreal crop, do not require the amount of manual labor ecessary to field crops. In this country there is the special advantage that whatever ibor is required, such as tillage and spraying, is performed by labor-saving machinery. he orchards in California, being but comparatively recently planted, have the dvantage of the higher unitary yield of trees in the prime of life. Further, of the eater economy in the cost of production, through scientific planting and proper care cultivation.

The alleged unproportion of the duty between shelled and unshelled almonds is stified by the reason that the shelled are to a great extent a raw material necessary one of the largest and most thriving American industries, the candy trade. While e unshelled may compete with the foreign for the choice of the housewife, there is o fear of competition to domestic production from imported shelled almonds.

In conclusion this chamber earnestly recommends that if it is not possible to main-ain the present rates of 3 cents per pound on unshelled and 4 cents per pound on elled almonds, which have worked well both for revenue and protection, no higher uties be enacted than 4 cents per pound on almonds with the shell and 6 cents per ound on the shelled.

MACARONI, VERMICELLI, AND ALL SIMILAR PREPARATIONS.

[Paragraph 726.]

The Fordney tariff bill proposes a duty of 1½ cents per pound on macaroni and milar preparations. This chamber desires to submit to your honorable committee e following evidence, showing that this duty is ample for the purpose of protection d most advisable for revenue.

In this endeavor it is necessary to survey the conditions of the macaroni trade, garding both importation and production in this country, as they were before and uring the war, and as they are now.

The industry of alimentary pastes, which is one of the oldest and most important of aly, had greatly developed prior to the war, especially in the districts of Genoa and aples, which enjoy a traditional reputation in this trade. The export trade of alian macaroni had reached in 1913 a total of 156,000,000 pounds equal to 7,099,000 xes, 5,000,000 boxes alone being shipped to the United States.

From the outbreak of the war Italy ceased to be a factor, as far as the export of acaroni is concerned, owing to the embargo placed on this essential article of food. eprived of this source of supply, the American market was left entirely to the dis-sition of the domestic producers. To their credit it must be said that they have ken freely advantage of this opportunity. Aside from the increased production, e to the stimulus of necessity, they vastly improved the quality of their product. Excellent macaroni is made to-day in this country, and while the imported macaroni ould still enjoy a preference with many, there is really no great difference in their mparative intrinsic quality. Of course, advantages of ages of experience, of natural d climatic conditions, of water, etc., can not be easily overcome, and in the last alysis the perfection attained by the Italian product, when made entirely of semola, ill ever enjoy the advantage that always goes to an article admittedly known as riginal" or "genuine." In conclusion, however, we do not think that some of e best brands of domestic macaroni will suffer much in comparison with the im-rted. At any rate not at the present time, when the imported macaroni is manu-ctured with only 75 per cent semola, while the domestic is made entirely of semola. We speak particularly of the future. For the present the home producers need ve no fear of foreign competition. It is impossible, under present conditions, for aly to again become a factor in this market. In the first place Italy has suffered eat hardships during the war, and is still suffering to-day from lack of wheat. She oduced less than two-thirds of her own wants of this staple, and the balance she s to import, at enormous sacrifices, mostly from this country. These sacrifices e made especially acute at present, due to the disparity of her money, and on the rizon nothing has as yet appeared that might ameliorate these conditions. How s to be expected that Italy can buy wheat in the United States, bring it to Italy, d return it to us manufactured into macaroni at a price that will compete with mestic production? For, besides the disadvantages of the money exchange and e added freight, which increased since the war from four to five times, it must be knowledged that the cost of manufacture has greatly advanced in Italy from the ewar period. Wages have advanced many times over. All materials used, as ll as the cost of the upkeep of properties and plants, show a corresponding increase, t at the Italian macaroni manufacturer to-day is working under multiple disad-ntages in the difficulty of obtaining and in the augmented cost of wheat, in the hanced cost of labor and in higher overhead expenses.

What further proof is needed that she can not become a factor than the significant fact that the export of macaroni from Italy, against a corresponding import of wheat has now been permitted for some time, and during this period but a few trifling shipments have arrived in this country, and these were offered, on the average, at a figure 50 to 60 cents per box higher than the domestic?

We feel justified in stating that macaroni can to-day be produced cheaper in the United States than in Italy.

A few figures will clearly demonstrate this fact, together with the absolute impossibility for Italian paste to compete with the domestic product. Italian macaroni is offered to-day at 52.50 lire per box of 22 pounds f. o. b. loading port, which at the rate of exchange of say 25 lire, is equivalent to $2.10 per box. Adding for freight 16 cents, insurance 2 cents, duty, at 1 cent per pound, 22 cents, we have a total cost of imported macaroni of $2.50 per box, delivered in New York.

Domestic macaroni, selling to-day at the rate of $1.70 per box of 20 pounds, namely at an equivalent of $1.87 per box of 22 pounds, shows an advantage in price of something like 63 cents, thus proving that the present duty is amply protective for domestic manufacture.

It should be noted further that domestic macaroni, manufactured as it is with all semola, has an easy advantage at present over the imported, not only in the price but also in the quality, which for the time being is better in the case of the domestic article.

When the foreign macaroni shall again be made with 100 per cent semola, its cost will necessarily increase in proportion, thus showing even a greater disadvantage in comparison with the domestic article from the standpoint of competition, which will be entirely out of question.

In prewar days, such as in fiscal year 1914, imported macaroni sold in New York from $1.35 to $1.45 per box of 22 pounds, against 77 cents to $1.10 for the domestic product. These prices show that even before the war domestic paste had the advantage of [illegible] cent per pound in the price, which we believe ample protection for such an essential article of food as macaroni. Long before that time the domestic macaroni industry had experienced conditions favorable to a substantial development, later realized to a far greater extent under the stimulus of war conditions.

The domestic manufacturer is to-day practically master of the supply of this article to American consumers, and not only in absolute control of the market of this country but also on the way to become a formidable factor of competition against foreign manufacturers in the export trade, a rôle this with which it was not identified before the war.

Many are the new and large factories that have come into existence since the war besides those that were already doing a prosperous business before. Domestic production has increased enormously, and has firmly gained the patronage of customers formerly using foreign macaroni, and domestic manufacturers are more than able to maintain and further develop this important trade.

It is very problematical, therefore, whether, even when the Russian granaries shall have opened again to foreign manufacturers—and God knows how far that may be—they will again be able to recover a part of the position they formerly held on this market, and this because of the many disadvantages that they have to overcome which practically excludes such possibility.

As before stated, Italian macaroni is not likely to ever attain the important part once enjoyed in our market. We therefore believe that the duty should be [illegible] to provide revenue without discouraging or prohibiting entirely the importation; it would be absolutely unfair to prevent certain elements with a preferred taste for the imported article from satisfying their wants or to further encumber an industry that has already suffered so much from the dire consequences of war.

This chamber is firmly convinced that any addition to the proposed rate of 1½ cents per pound would be an added burden that the imported macaroni, already [illegible] handicapped, could not endure, and which is entirely unnecessary for the purpose of protection and unadvisable for revenue.

This chamber would consider unjust that a trade built up after many years of [illegible] work, and which has already suffered greatly through force of war circumstances, should be further discriminated against.

Sentiment, we appreciate, has no place in tariff making, but who amongst us will not regret the passing of real Italian spaghetti, the pioneers who introduced to us [illegible] table delight?

This chamber therefore most respectfully recommends that the duty on macaroni be continued at its present rate of 1 cent per pound or that, if an increase is [illegible]voidable, it be not raised more than at 1½ cents per pound, as proposed by the Fordney tariff bill.

CATTLE.

[Paragraph 701.]

STATEMENT OF J. A. HAPPER, EL PASO, TEX., REPRESENTING AMERICAN CATTLE GROWERS OF MEXICO.

Senator LA FOLLETTE. What is your name and address?

Mr. HAPPER. J. A. Happer, El Paso, Tex. I also represent Mr. Packard, who could not get here in time. He wired me to represent him. Mr. Sheahan was here this morning, but had to leave.

I have been asked to present this matter in a written statement of one page, addressed to you gentlemen, which is as follows:

We represent the Association of American Cattle Growers of Mexico, that owns approximately 8,512,000 acres of land in Mexico, valued conservatively at $2 per acre, amounting to $17,024,000; also 95,000 head of stock cattle, valued at $25 per head, amounting to $2,375,000; the total investment being $19,399,000.

We desire to present to your committee some figures and statements wherein we hope to show that it is to the interest of the people of the entire country, as well as to the interest of the cattle producers, that stock cattle under 2 years of age should come in duty free.

According to the United States Census in 1900, there were 50,583,777 head of beef cattle in the United States, and according to the census of 1920 there were only 35,424,458, a shrinkage of 15,159,319.

Senator SMOOT. For whom do you speak?

Mr. HAPPER. For the American Cattle Growers of Mexico.

In the same period of time the population of the United States increased from 77,256,630 in 1900 to 107,436,441 in 1920 (Stat. Abs. U. S., p. 32), an increase of 30,177,811. Should this shrinkage continue in the next 20 years at the same ratio, it is easy to see that beef for people in moderate circumstances will be exceedingly expensive and scarce.

We quote the following from The Producer, the official organ of the American National Livestock Association (p. 10, vol. 111, No. 1, June, 1921):

"That there has been a great shrinkage in the number of beef cattle is abundantly proved by the census figures, and is fully corroborated by the depleted ranges of the West. This shortage should become more evident later in the year. Undoubtedly there will be some liquidations in dairy cattle on account of unprofitable prices for dairy products, and this will to some extent increase the meat supply. But, on the whole, prospects for the beef producer seem brighter than for some time. For several years he has been confronted with a buyer's market. Now the situation promises a change, and the seller should hold the whip hand."

In the spring of this year the Secretary of the Treasury found the condition of the cattle industry in such a precarious condition that, after consultation with cattlemen, bankers, and Treasury officials, he arranged with various bankers in the United States for a fund of $50,000,000 to be loaned to cattle raisers on long time, to save this industry.

The stock cattle under 2 years of age that have come into this country in recent years—or that will come into the country in the future—all go to pastures or feed lots to be finished for our beef markets and consume the surplus farm products of this country.

Gentlemen, I just want to add this, that for the last five years they have had droughts in what we call the stock ranges in the West. They have come intermittently in the Southwest and in the Northwest. When we had a drought in the Southwest they might have grass in the Northwest, and vice versa. But the ranges in our part of the country are depleted. We want the chance, when the ranges are such that we can not raise stock cattle for feeding, to move them back and forth across the lines, or to import them from Mexico or Canada or wherever it is necessary.

The importations of stock cattle for this purpose are infinitesimal to what is used in this country for different purposes, and we believe that if younger cattle can be brought into this country without a duty, these cattle under 2 years of age—we do not mean beef cattle—it will be not only to the advantage of the people of the entire country, but to the stockmen themselves in the West.

If there are any questions that I can answer I would be very glad.

Senator SMOOT. There are not very many that would come over from Mexico, are there?

Mr. HAPPER. Very few; very few from Mexico and not very many from Canada of stock cattle.

Senator SMOOT. I mean, those less than 2 years of age.

Mr. HAPPER. Less than 2 years old I am speaking of. That is all we ask with reference to.

Senator SMOOT. There would not be very many that would come in, anyhow, would there?

Mr. HAPPER. No; not many.

(The witness submitted the following statement:)

Beef cattle on farms, 1920.

Alabama	322,434	Nevada	332,2[illegible]
Arizona	768,197	New Hampshire	18,5[illegible]
Arkansas	345,806	New Jersey	6,7[illegible]
California	1,229,086	New Mexico	1,237,54[illegible]
Colorado	1,434,423	New York	63,1[illegible]
Connecticut	11,025	North Carolina	182,7[illegible]
Delaware	1,752	North Dakota	674,5[illegible]
District of Columbia	19	Ohio	577,4[illegible]
Florida	518,350	Oklahoma	1,265,5[illegible]
Georgia	478,940	Oregon	570,0[illegible]
Idaho	512,512	Pennsylvania	248,5[illegible]
Illinois	1,292,778	Rhode Island	1,7[illegible]
Indiana	599,694	South Carolina	117,3[illegible]
Iowa	3,048,198	South Dakota	1,818,7[illegible]
Kansas	2,975,390	Tennessee	492,6[illegible]
Kentucky	433,659	Texas	4,767,5[illegible]
Louisiana	487,709	Utah	397,5[illegible]
Maine	33,475	Vermont	14,2[illegible]
Maryland	53,666	Virginia	403,9[illegible]
Massachusetts	10,089	Washington	193,5[illegible]
Michigan	332,859	West Virginia	332,4[illegible]
Minnesota	940,842	Wisconsin	287,3[illegible]
Mississippi	461,241	Wyoming	614,3[illegible]
Missouri	1,714,894		
Montana	1,057,418	Total	35,424,4[illegible]
Nebraska	2,470,779		

STATEMENT OF CHARLES E. WISWALL, CANANEA, SONORA, MEXICO, REPRESENTING THE CANANEA CATTLE CO.

The CHAIRMAN. Where do you reside?

Mr. WISWALL. Cananea, Sonora, Mexico.

The CHAIRMAN. What is your occupation?

Mr. WISWALL. I am a cattle raiser.

The CHAIRMAN. Are you an American citizen?

Mr. WISWALL. Yes, sir; my family lives in California.

The CHAIRMAN. On what point do you want to speak?

Mr. WISWALL. I want to speak on the tariff on live cattle.

The CHAIRMAN. And advocate a higher duty or lower duty?

Mr. WISWALL. I want to try to get a lower duty on some classes of attle.

The CHAIRMAN. What State do you come from originally?

Mr. WISWALL. I am a native of Illinois; I vote in Arizona.

The CHAIRMAN. How long have you been residing in Mexico?

Mr. WISWALL. I have been residing there 20 years.

The CHAIRMAN. You run a large business there, do you?

Mr. WISWALL. Yes, sir.

The CHAIRMAN. Is it a corporation?

Mr. WISWALL. Yes, sir.

The CHAIRMAN. What is the name of the corporation?

Mr. WISWALL. Cananea Cattle Co.

The CHAIRMAN. You are the superintendent?

Mr. WISWALL. I am the manager.

The CHAIRMAN. Do you own much of an interest in the company s well?

Mr. WISWALL. It belongs exclusively to my wife and her children, ny stepchildren.

Senator WATSON. Do you vote in the United States?

Mr. WISWALL. I vote in Arizona. That was my last residence in he United States.

Senator SMOOT. How much land do you own in Mexico?

Mr. WISWALL. We own 425,000 acres.

The CHAIRMAN. Do you live there all the year around?

Mr. WISWALL. Practically, Senator; I am there probably 75 per ent of the time.

Senator SMOOT. How many head of cattle have you?

Mr. WISWALL. Thirty-five thousand.

Senator SMOOT. And where is your market?

Mr. WISWALL. All over the United States, principally in the orthwestern States; also in California to a large extent.

Senator SMOOT. Feeders?

Mr. WISWALL. Feeders, practically exclusively.

The CHAIRMAN. Proceed.

Mr. WISWALL. I also represent, as vice president, the Association f American Cattlemen of Mexico. There are not very many of us ft. Our association consists of about 25 men. We have lots of and and not very many cattle. The ownership represents, I believe, bout 8,500,000 acres and only 95,000 head of cattle.

The CHAIRMAN. Do they own these lands outright or only grazing rivileges?

Mr. WISWALL. They own them outright, sir. But the lands aturally are capable of carrying many more cattle than they do at he present time. I have also told you whom I represent personally. We have been importing cattle into the United States for the last 0 years. You will recall that under the Dingley and Payne-Aldrich ariff laws cattle were dutiable, under 1 year of age at $2 per head; attle up to a valuation of $14 per head paid $3.75 per head and over valuation of $14 per head paid 27.5 per cent ad valorem. We ncountered two difficulties in the application of this law. In the rst place, there is absolutely no way in the world of telling when a alf is 12 months of age. A well-grown calf 11 months old is larger

than a 13 months old calf which has not done well, and you can see how that may lead to many questions.

The second difficulty was in applying the ad valorem rate of duty when cattle were valued at over $14 per head. We had great difficulty in arriving ofttimes at the valuations with the customhouse officers. You can readily understand how one bunch of cattle will be thin in flesh, and have poor breeding, while another bunch of cattle of the same age will be of good quality and of good flesh, and there was no way of arriving definitely at the value. We were entirely at the mercy of the customhouse appraisers, who often were not experienced cattlemen. Our bills of sale were considered valueless because very frequently unscrupulous cattle buyers would come in there and make out false bills of sale; and the result was it was necessarily unsatisfactory both to the importers and to the customhouse officers alike.

Therefore, we were very much relieved when cattle went on the free list in 1913. The importations of cattle while on the free list—that was a period of seven and one-half years, as you know—more than doubled. During the last seven and one-half years they have averaged about 500,000 head annually. Cattle importations from Mexico jumped to 625,000 head in the year 1914. That was the year after cattle went on the free list. This was not because cattle were allowed to come in duty free, but because of revolutionary conditions in Mexico, and everybody owning cattle there was trying to get them out in that year.

The Canadian importations, which amounted to practically nothing up to the time cattle went on the free list, commenced to jump very rapidly, 28,000 being imported in 1913, and it increased to 550,000 in 1919. They were off again last year, however, to 316,000 head. As you know, the emergency tariff bill went into effect on the 28th day of May of this year. This bill had the effect of practically cutting off all importations from Mexico. The Canadian importations are off about 75 per cent. I talk now of the months from June to September of this year. I was not able to get any data regarding October.

To show you how Mexico importations have fallen off, there have been but three entries of cattle from Mexico since the emergency bill went into effect—one in June of 1,010 head, one in August of 34 head, and one in September of 327 head, a total of 1,371 head.

We made the importation of the 1,010 head in June, and I would like to give you the results of it. These were yearling steers. We received $19 per head for these yearling steers on the cars at Hereford, Ariz. We paid $3.50 per head export duty to the Mexican Government; we paid $3.90 per head import duty to the American Government, a total of $7.40 per head in duties, which left $11.60 a head for the steers. This was exactly the same class of cattle which we sold 12 months previously at $42.50 per head to Denver parties, and after paying $3.50 to the Mexican Government it left us $39 per head net for our cattle instead of $11.60 this year.

Senator SMOOT. You are no worse off than cattle raisers in America.

Mr. WISWALL. I am not making any complaints; I am just telling facts; I am not telling any hard-luck story. You can readily appreciate that we can not raise yearlings for $11.60.

Senator SIMMONS. What was the highest price you got for yearings any year?

Mr. WISWALL. $42.50. We contracted sales in 1920 at $45; but ıoney conditions got very bad in the spring of 1920, and the party who contracted them fell down on the contract.

In 1911, which was the first year I was managing this outfit, and or the first sale of yearling steers I made we received $20 for our earlings. They increased in price from year to year; never went ack until 1920, when the contract price was $45, and they went ack in one year from $45 to $19.

Senator SIMMONS. What were you getting for that same class of earlings before the war?

Mr. WISWALL. In 1914, for instance?

Senator SIMMONS. No; take 1912 and 1913.

Mr. WISWALL. I will tell you, Senator. In 1911 we got $20, and ıey increased at just about the rate of $2.50 a year. In 1914 they ere stationary; it was a very bad year all over the country.

Senator SIMMONS. What did you get that year?

Mr. WISWALL. My recollection is that we got $27.50.

Senator SIMMONS. In 1912 what did you get?

Mr. WISWALL. $22.50.

Senator SIMMONS. And $20 in 1911?

Mr. WISWALL. Yes, sir. As you know, the bill that you are now nsidering calls for a duty of 1 cent per pound on cattle under 2 ars and 1¼ cents per pound on cattle over 2 years of age. The quest that we want to make is this: That you reduce the duty on e young cattle under 2 years of age.

Senator SMOOT. To what?

Mr. WISWALL. We would like to get them in free, if possible; any duction will be welcome, of course.

Senator SIMMONS. How many cattle are there coming into this untry from Mexico and Canada since 1911 and 1912?

Mr. WISWALL. How many came in?

Senator SIMMONS. From Mexico and Canada?

Mr. WISWALL. In 1911, Senator? In 1910 there were 5,000 from nada. What there were from Mexico I can give you in just one oment. In 1911 there were 182,000 head of cattle imported into e United States.

Senator SIMMONS. How many from Mexico?

Senator SMOOT. Nearly all of them.

Mr. WISWALL. Probably nearly all of them.

Senator SIMMONS. Five thousand from Canada?

Mr. WISWALL. In 1910; yes, sir.

Senator SMOOT. In 1910, 1911, and 1912 Canada was shipping all her stock, nearly, to Great Britain.

Senator SIMMONS. In 1911, you say, we got 5,000 from Canada, d how many from Mexico?

Mr. WISWALL. About 182,000.

Senator SIMMONS. When normal conditions return, we will say, you anticipate that exportations from Canada and from Mexico ll be larger than they were before the war?

Mr. WISWALL. From Mexico it is an impossibility, because Mexico depleted of cattle.

Senator SIMMONS. That is what I want to get at.

Mr. WISWALL. Canada has more cattle than she had 10 years ago, probably 50 per cent more.

Senator SIMMONS. Then, your opinion is that we need not anticipate a much larger importation of cattle from Mexico in the immediate future than we received just before the war?

Mr. WISWALL. It is impossible that we should receive them.

Senator SIMMONS. I want to ask you what effect, in your opinion, does the importation of 180,000 cattle from Mexico have upon the price of cattle in the United States, if any?

Mr. WISWALL. Senator, people would say that I am prejudiced, because I am in business in Mexico.

Senator SIMMONS. I am asking your frank opinion, and I will accept it as a frank and candid statement, if you will give it to me.

Mr. WISWALL. There are about 13,000,000 head of cattle marketed in the United States annually. What effect would 160,000 have on 13,000,000? I do not think it would be felt. But, as I say, people would say that I am prejudiced, and probably I am, because I am in business in Mexico.

I want to explain briefly, if I may, why we ask for one rate on cattle under 2 years and another upon cattle over 2 years. In the first place, 2 years of age is an age we can arrive at absolutely in a cow or steer. When a calf commences to shed its milk teeth, or first-growth teeth, it is about 22 months old; and when it gets to be 24 months old it has two large second-growth teeth in place in the middle of its lower jaw. So that by examination of an animal's mouth, which can be done in a moment, there is absolutely no question whether it is under or over 2 years of age. That is one important reason why there should be that division at the age of 2 years.

The other is that practically all of the cattle which are imported into the United States which are under 2 years of age, with the exception of a very few which come in from eastern Canada, are stockers or feeders; that is, all the cattle from Mexico coming into the United States go to grass. Most of our cattle go to the Northwest—Montana, Wyoming, and Colorado—where they are put on grass and fed out and marketed as grass-fat cattle at the age of 4 years. That is not true of Canadian cattle, although I am not as familiar with Canadian as I am with Mexican conditions.

Senator SIMMONS. Let me ask you another question. You say you sold your steers this year for $11?

Mr. WISWALL. Yes, sir.

Senator SIMMONS. What did you have to pay for beef cattle, getting them ready for the market, to send them over here to be fed?

Mr. WISWALL. We sold them to people to be grazed by them.

Senator SIMMONS. Do not people sometimes send cattle to a ranch and pay for their feed?

Mr. WISWALL. Yes, sir; we have done that ourselves.

Senator SIMMONS. How much would be paid in the way of cost of feed under such circumstances?

Mr. WISWALL. We ran 3,500 steers on the Rosebud Indian Reservation, in South Dakota, for three years. We paid 50 cents per head per month for the grazing. That was in 1918, 1919, and 1920. The price was very excessive.

Senator SIMMONS. How many months did you have them on the grass?

Mr. WISWALL. About 30 months, or a little over 30 months.

Senator SIMMONS. Why did you have to keep them on the grass that long?

Mr. WISWALL. We had to keep them until they were 4 years of age. An animal fed on grass does not mature until it is 4 years of age.

Senator SIMMONS. They were sent there when they were what age?

Mr. WISWALL. Yearlings, or 2-year-olds.

Senator SIMMONS. And you paid 50 cents a head?

Mr. WISWALL. That was a very small part of the expense. We had the wages of our men and the interest on the money, borrowed to carry them on, to pay.

Senator SIMMONS. I understood you to say that you paid 50 cents a month for grazing.

Mr. WISWALL. Yes, sir.

Senator SIMMONS. And there were how many months' grazing?

Mr. WISWALL. We moved our cattle to Dakota in May, 1918, and sold them in November, 1920, 30 months.

Senator SIMMONS. Did you have any other expense connected with the cattle after you sent them over here?

Mr. WISWALL. A great deal of expense.

Senator SIMMONS. You had to look after them?

Mr. WISWALL. Yes, sir.

Senator SIMMONS. That was just for the privilege of grazing and feeding?

Mr. WISWALL. Yes, sir.

Senator SIMMONS. You had to attend to the cattle?

Mr. WISWALL. Yes, sir.

Senator SIMMONS. So that the amount per head that was spent in this country after the cattle arrived here was about one-half of what you got for them, was it not?

Mr. WISWALL. In this particular case, unfortunately, it proved to be more than we got for them. I was giving our reasons for asking that cattle under 2 years of age be put in one class and those over 2 years of age in another class, stating, as the principal reason, because we were definitely able to arrive at the age of 2 years and, next, because practically all cattle under 2 years of age which are brought into this country, with the exception of a very few which come in from eastern Canada, are stocker or feeder cattle; that is, our cattle go to the West and Northwest to be put on the grass and kept there from one to three years, the Canadian cattle, many of them, going direct to the feed lots. Of course, they are larger cattle than Mexican cattle and in almost all cases better bred cattle. But I appreciate the fact that that is not reason enough for asking that the rate on young cattle be reduced. Our basic reason for making this request is because we believe that there is no overproduction in the United States to-day, and we also believe that there is no large number of cattle, even in Mexico or Canada, which would be thrown on the market if young cattle were put on the free list. I fully appreciate the fact that many people will disagree with me—American cattlemen.

Senator JONES. What is it that makes you believe there is no overproduction of young cattle in the United States to-day?

Mr. WISWALL. I will give you my figures, in just a moment, Senator.

Senator JONES. All right.

Mr. WISWALL. I think you gentlemen who were here at the hearing Thursday will recall the three gentlemen—Mr. Cowan, of the American Cattle Raisers' Association, and Mr. Spiller, of the Texas Southwestern Cattle Raisers' Association, and Mr. Mercer, from Kansas. I do not recall who Mr. Mercer represented, but I think Mr. Mercer's remarks are typical of the remarks which I have heard in meetings of cattle growers' associations all over the country. Mr. Mercer made the statement before you, in asking for protection, that in two years there would probably be, if present conditions continue, an actual scarcity of cattle in this country. Within a few minutes he made the statement that he thought at present the cattle industry in the United States was producing enough cattle to supply the wants of the country. When American cattlemen are seeking financial aid from the Federal Government, they usually give the impression that the industry is on its last legs. Here is a clipping which comes from the Los Angeles Herald of October 2, which gives the impression that Eugene Meyer got on his trip through the country. This is dated Washington, October 1. [Reading:]

"A serious cattle shortage will confront the United States within a year unless live stock raisers stop the flood of immature cattle to the slaughterhouses," Eugene Meyer, head of the War Finance Corporation, said to-day.

Meyer returned to-day from a tour of the cattle-raising country in the West and Middle West.

Here is an article showing the way the cattlemen talk who think there is no shortage of cattle or that the shortage is not serious. This is from the "Producer," the official publication of the American National Livestock Association. It is from page 7 of the October number, by D. A. Millett, of Denver, Colo.:

It is true that the western range country shows some depletion in cattle population; but when the fact is faced that, according to the 1920 census, the State of Iowa had about as many cattle of all classes on January 1, 1920, as the States of Montana, Wyoming, Nevada, Arizona, and New Mexico combined, the real importance of the so-called range States shrinks in comparison.

That statement was pretty well answered on page 11 of the same magazine. I will be very brief. [Reading:]

"The marketing of western cattle," by A. Sykes, president of the Corn Belt Meat Producers' Association.

Mr. Sykes goes on to say that—

The only fairly complete figures as to live-stock shipments by States are those compiled by the Bureau of Markets for the year 1918. Eliminating the three Pacific States, these figures show that in that year some 353,000 cars of cattle and calves were loaded in the 14 States, out of a total for the entire country of 623,000 cars. The 1920 census figures show much the same thing.

So from that it would look, after all, as if the range States in the country were a pretty important factor in the production of cattle. I think you have all seen, a great many times over, statements that the Northwestern States of the country are depleted of cattle; that is, the ranges of Wyoming, Montana, and Western South Dakota. When I came through Chicago last week I went out to the sto

ırds a short time to see if I could get some figures on the receipts western range cattle at Chicago for this year compared with other ars.

I also secured the figures from Omaha. Omaha and Chicago are e two principal markets for western range cattle. Of course, oux City and St. Joseph and St. Paul are also markets for western ttle, but Chicago and Omaha are the principal markets.

The receipts this year for the first 10 months, to November 1 this year, were 75 per cent of what they were last year, and were per cent of what they were in 1919. It is only fair to say that 1919, on account of the drought in the Northwest, there was a emendous movement of cattle to Chicago and Omaha. While ceipts were 38 per cent of 1919, they were 47 per cent of 1918. ıt, at any rate, it all goes to show that there has been a tremendous luction of cattle in the Northwest.

Senator WATSON. Statistics of imports into the United States mbered 294,207, mostly from Canada and England. Were they ders or beef cattle?

Mr. WISWALL. From what I have found out, Senator, in looking er the figures that are available—I was going to come to this later, t I will answer your question now—about 50 per cent of the cattle ich have been coming from Canada for the last two years are beef ttle for immediate slaughter. At one time, I am told, when Canada mmenced to import cattle into the United States, they were all beef tle. But the high prices during the war and the tremendous nand for cattle caused Canadian cattlemen to jar loose of some of younger stock, and the figures I got were these: Fifty per cent f cattle, 25 per cent calves. Of course, it means calves for immete slaughter, and I expect a great many were dairy calves; and 25 cent stockers and feeders. Those were figures I got from Canan sources.

From Mexico I can only give you—there is no classification—what import ourselves, taking that as a basis. Our importations have raged for the last 10 years over 10,000 head of cattle annually; out 33⅓ per cent of these cattle were stockers under 2 years of ; and about 20 per cent were beef cattle that went to Los Angeles; ance stockers, feeders, and canners over 2 years of age.

I started to say that, perhaps, the strongest argument that I can e you is the census figures for 1920. I do not like to burden you h them, because we have heard them many times.

Senator CURTIS. We wish you would leave those figures out, and ı can call our attention to them, because the committee has a at deal to do, and we have those figures all before us in the tables e.

Senator WATSON. You can file your brief.

Mr. WISWALL. There are 32 head of beef cattle in the United tes to-day for each 100 inhabitants, compared with 45 per 100 abitants in 1910 and 65 per 100 inhabitants in 1900. I think that ibout the very strongest argument we could make in our behalf. eadily understand that while my figures may be admitted as cort the American cattlemen of the United States will naturally say cattle market is so badly demoralized that we should not allow importation of one head more to further demoralize the market.

If there was an overproduction, I think this argument would b sound, but as there is no overproduction and as there is no prospec of any large surplus of cattle coming into the market from a outside source, I think we ought to look into the reason for the presen demoralization in the cattle market. I can definitely say, withou danger of being contradicted, I believe, it is caused by overborrowin during the bonanza years in the cattle industry, which has cause forced liquidation at the present time.

The time of the starting of this liquidation can be definitely locate It was in the fall of 1919. There was a tremendous drought Montana, Wyoming, and the western Dakotas in the summer of 19 Cattlemen there found in the fall that they either had to go to mark with their cattle or they had to ship south to pastures—to Texas, Ne Mexico, and Arizona—or they had to buy expensive feed to carry the through the winter. The result was that a great many of them we to market. You can see that three times as many cattle went market in 1919 as in the present year. As a result, you all know th the cattle market broke badly, as it always will when cattle are s to market that should not be sold, and that liquidation has co tinued from that date to this very minute. It is still going on in t western markets. You know the situation in the spring of 1920.

I have to say that it was an absolute impossibility for northweste cattlemen to borrow money to buy stockers and feeders in t Southwest. In the fall of 1920 bankers were thoroughly frightene as they saw the value of their collateral depreciated, and insisted cattle being sold, and in the fall of 1920 there was just such anoth condition as in the fall of 1919, and this fall exactly the same th occurred again. I think an example of how our cattle sold the l four years will show you just how the market has gone.

In 1918 our cattle coming to Chicago sold at 15 cents per pou in 1919, when there was a tremendous run, they brought 11 cents Omaha; in 1920, when the market was weak because the bank were forcing liquidation, they brought 9 cents a pound in Oma and this fall those same cattle were bringing 5½ cents and 5¾ cent pound in Omaha, where they brought 15 cents in 1918.

I think it will be admitted that forced liquidation is the cause the cattlemen's trouble at the present time; but I do not thin have said anything to show you why bringing in more cattle wo not further demoralize the markets. My idea is this: The rea that it would not further demoralize the cattle market is that cattle, stockers and feeders, do not go direct to those markets, wh there is open trading from day to day and where really cattle pr are fixed. On the other hand, cattle buyers come down to our pl ride around the pastures, see the cattle, and if they are satisfied trade with them. Those cattle are shipped direct from our shipp point to pastures for which they are intended. In that way they not pass through any of the principal markets.

I do not want to say they do not pass through any of those mark because they do go through El Paso and Denver to the Northw and frequently a man will go to the Southwest and buy steers possibly be able to turn them at a profit in Denver and do so, then go back and buy more cattle. That happens frequently. they do not go with the idea of throwing them on the open mar

Senator JONES. Tell us, please, about the prices of the cattle that ave not gone onto the market that you speak of. Have those prices one down also?

Mr. WISWALL. Naturally, Senator.

Senator JONES. To what extent?

Mr. WISWALL. I do not think you were here when I commenced -day. I stated that we had sold our cattle this spring at $19, hereas a year ago we had sold them at $42.50, speaking of yearling eers.

Senator JONES. You have mentioned as controlling factors, in der to substantiate your position that there is no overproduction cattle in this country, only two things, if I have been able to llow your testimony correctly. Those two are the population of e country and the number of cattle in the country. From that you gue that there is no overproduction. I will ask you if there are not me other very important factors which should be taken into nsideration?

Mr. WISWALL. I mentioned, Senator, the receipts of western range ttle at Chicago and Omaha so far this year as compared with other ars; that indicates——

Senator JONES (interposing). That indicates merely the number of ttle in the country. Are there not some other factors which are en more controlling than those you have mentioned? Overpro-ction, it seems to me, must be measured by the demand.

Mr. WISWALL. That is very true.

Senator JONES. And apparently you have left out of your equation at factor. You are assuming that there are so many people in the intry, so many cattle in the country, and therefore the demand cattle ought to be a given amount. But that does not appear to the case now.

Mr. WISWALL. No.

Senator JONES. Our 105,000,000 people will not consume in such nes as these as many cattle as 75,000,000 would under other cir-nstances, and while there may not be an overproduction of cattle normal times, is it not apparent from the low prices of cattle that re is an overproduction for the consumptive demand?

Mr. WISWALL. No; I do not agree with you there, Senator, because elieve the low prices have been caused absolutely by forced liqui-ion and by the marketing of many cattle which never should have n brought to the market.

Senator WATSON. Let me interrupt. The expert furnishes me tistics showing that we exported during the first nine months this year 161,608 head, while we imported 75,988 head, or more n two to one. That would seem to indicate that there is no at shortage. Do you know what kind of cattle those were we orted?

Mr. WISWALL. Yes, sir; they were beef cattle.

Senator JONES. And you left out the fact that we exported large ntities of meat. We export a large quantity of fresh meat, and export a large quantity of canned beef and pickled beef, and that ld indicate that we have a surplus of these products; and, reover, is not the demand for beef governed largely by the supply other meats—pork and mutton and that sort of thing—because n one class of meat gets a little high and another is low, there will a change from one to the other, and you have to take into con-

sideration the entire meat supply when you are considering th question of supply and demand of one kind of meat, it seems to me.

Mr. WISWALL. The mutton consumption in the United States i comparatively very low. I feel this way: I think that the Americ nation is a beef-eating nation. I think that when it comes back to normal we will see our beef consumption rapidly increase, much more rapidly than our production can increase. I admit that th consumption of beef is certainly much lower to-day than it has eve been before for a great many years, and it seems to be on the decrea all the time. Whether it is because of the industrial conditions al over the country, or whether it is because of advertisements to "Ea no meat and eat something else," I do not know.

Senator JONES. And will you not agree to this fact, that th price of stock cattle, such as you want to import, now being sol in the United States is less than the cost of production?

Mr. WISWALL. Yes; certainly. But I say this, Senator, that it all caused by these people having been forced to liquidate. I coul cite many instances of that.

Senator JONES. That means there is an oversupply of catt except at a very reduced price; that is what that means?

Mr. WISWALL. No; pardon me, Senator. It means this: You kno every cattleman is a borrower. There is not one in a hundred th is not a borrower; and you know that for many years the mone was offered to us instead of having to go and hunt for it, and, as a ru these cattlemen would borrow at least two-thirds as much as th cattle were worth. Cattle have fallen 50 per cent. The result that the collateral that the bankers have is not worth the amount money loaned on it, and they are simply forcing these men to se every single day of the year. They are doing it to-day; they a selling everything they can lay their hands on—young heifers an cows. You know a poor yearling simply will not bring any mone When a cattleman wants to get money for his cattle he has to go market with fat cattle.

Senator JONES. Then would not overshipment of cattle into t United States add to that demoralized condition?

Mr. WISWALL. Those cattle do not go direct to the market.

Senator JONES. But is not the stocker market just as much demo alized as the beef markets?

Mr. WISWALL. But, Senator, the people who buy stockers, f instance, young steers, do not go to Kansas City or Omaha.

Senator JONES. I know they do not, but they go to a mark They go to some buyer, and that market seems to me, if I kn anything about conditions, is just as much demoralized as the mar at Kansas City or Chicago.

Mr. WISWALL. All markets are demoralized at present.

Senator JONES. All markets are demoralized at present; a would not the importation of additional cattle from Mexico add that demoralization?

Mr. WISWALL. I think the importation is so comparatively sm that it would not be felt.

Senator WATSON. If normal times were restored in the Uni States and they reached the usual degree of prosperity, with u demand for cattle, the duty that you would be compelled to p

under this tariff would not demoralize your business and prevent your raising stockers and feeders to import into the United States?

Mr. WISWALL. We are in the cattle business and are going to stay in the cattle business.

Senator WATSON. Precisely.

Mr. WISWALL. And we have got to adjust our business to meet the conditions. If you put an impossible duty on, we have got to find a market some place else or else go broke. We are going to try to stay in the cattle business.

Senator WATSON. How long have you been in the cattle business?

Mr. WISWALL. Fourteen years.

Senator WATSON. And have not gone broke yet?

Mr. WISWALL. Not yet.

Senator WATSON. You are in luck.

Senator GOODING. You are better off than most Americans in the cattle business.

Mr. WISWALL. The advantage in Mexico which we have over those in the United States is that when we go to a bank they will not look at us; we can not borrow a nickel on our cattle in Mexico. That is what saved us.

Senator JONES. Have you gone into the question of your cost of production down there?

Mr. WISWALL. No, sir. But I will be very glad to give you any information I can on that subject.

Senator JONES. I wish you would tell us something about the finished cost of production in Mexico and in New Mexico, for instance.

Mr. WISWALL. I can only speak for myself; that is, the figures of my own company. I do not know what other people's figures are. For instance, in the year 1920 our total expenses of all kinds, including interest and rent, and operating expenses and improvements—because we charge our improvements to ranch expenses—was $240,000. We branded 14,000 calves; we gathered 12,000 yearlings this year, that is about $20 a head for our yearlings, on the Mexican side of the line.

Senator JONES. You charge improvements to expense?

Mr. WISWALL. To expense; yes, sir.

Senator JONES. And you own the land?

Mr. WISWALL. Yes, sir; we own 425,000 acres, and we lease 75,000 acres.

Senator JONES. How much rent do you pay?

Mr. WISWALL. We pay 6 cents an acre.

Senator JONES. What part of Mexico are you in?

Mr. WISWALL. Sonora, right adjoining the international line.

Senator WATSON. We have given you an unusual amount of time. I suggest that you file your brief, and we will read it.

Senator GOODING. That is Mexican money?

Mr. WISWALL. No, sir; that is American money.

I wish to add one point which perhaps I have not made clear. Our cattle are sold before they are imported into the United States. For that reason it seems to me that they can not in any way affect the price of stocker cattle in the United States.

All cattle from Mexico are handled in this way, and I am told, but have no personal knowledge, that most young stocker cattle from Canada are also handled in this way. As nearly as I can arrive at the figures, I estimate that of the 316,000 head of cattle

imported from Canada in 1920, 80,000 head were calves and 40,000 head were stockers and feeders between the ages of 1 and 2 years.

Of the 60,000 head imported from Mexico, I estimate that one-third, or 20,000 head, were under 2 years old. The exportation of calves from Mexico is prohibited by the Mexican Government. In other words, probably 60,000 head of stockers and feeders under the age of 2 years were imported into the United States in 1920.

I do not think it probable that that number would be exceeded for some years to come. There is no longer the attraction of high prices to tempt the Canadian cattleman to sell his young cattle, and the cattle industry in Mexico is at a complete standstill.

LIVE STOCK, MEATS, AND HIDES.

[Paragraphs 701–703 and 1582.]

STATEMENT OF SAMUEL H. COWAN, FORT WORTH, TEX., REPRESENTING AMERICAN LIVE STOCK ASSOCIATION.

Mr. COWAN. I live at Fort Worth and represent the American Live Stock Association.

The CHAIRMAN. The committee will be pleased to hear any additional statement you may have to add to those you so ably set forth before the House Ways and Means Committee.

Mr. COWAN. Mr. Chairman and Senators of the committee, I have many times appeared before committees of Congress, and several times before this committee and the Ways and Means Committee on this subject; and I therefore very fully appreciate the difficulties under which you labor and the difficulties which confront one trying to present the facts to the satisfaction of those whom you represent, and I am particularly conscious of the necessity of the conservation of time as much as the conservation of natural if not artificial resources. If I could handle the clocks as they have been handled in a few historic periods, I would make some time. But I can not do that.

At the outset of my remarks I wish to pay the highest compliment that it is possible for me to do to the gentleman who has just taken his seat, Prof. Rice.

I am going to submit to the stenographer here some statistical data, and the brief which we filed before the Ways and Means Committee, and to make reference to the most elaborate argument and brief I have ever prepared upon the subject, when the Payne-Aldrich bill was under consideration, and which was printed in a volume of the House committee proceedings in 1909, to which I will refer, and thus point to as complete analysis as we can make of the subject with respect particularly to the then tariff on hides. Well, I will not take so much of your time.

Referring again to the gentleman who has just closed his argument, I think he spoke in words of very great wisdom to this committee, and I wish the whole people of the United States and every man who serves the country through the political parties could hear it; could be conscious of the things he has shown here, in order to convince the people, in spite of politics, in spite of tradition, of the great necessity at this time, in particular, and it will remain so in the future, that we have our home markets preserved to our home production

here we can make a reasonable sufficiency or where we are capable producing a sufficiency.

We have been in the unfortunate position, politically speaking, of ving always believed in what I have just said. I would love to ve had the opportunity to vote for what I have just said. I did idertake to do it when I voted for President Harding in Texas, d I voted for him on that proposition. I am not tickled to death out it, and I am not bragging about it, for I wish to add my iticism, if it is worth anything, to those who profess to protect the dustries of this country and lose sight of this great fundamental sic industry, agriculture, upon which alone prosperity, indeed rilization alone, is based for the human race from nomadic nes, when learning to domesticate animals and gather their food eresoever they could at the very beginning of civilization. agriculture progressed civilization progressed, and so it is and ll be to the end of the human race; and it is amazing to me to ow that we have among us in this country men of great wisdom in her things, perhaps, who, for selfish reasons and their desire to ofit from the "industry of profiteers" that have grown up in this untry in recent years, will have the nerve to say to the Congress d to this committee that you must "place these agricultural oducts or any of them on the free list," because they, as the time-ving advocates of the consumer, say it will help the consumer. id what do they care for the consumer?

I refer particularly to the manufacturer of shoes. I say that in opinion it is demonstrated by the facts produced before the ays and Means Committee during consideration of the Payne-drich bill that they spread a propaganda throughout this country free hides, with the object of fooling the people and many poli-ians into the belief that the people would get the benefit of it in es that were produced for themselves and their children. And en to-day, or at least just recently, our own Congressman from xas voted for free hides, when 90 per cent of the people of that ate would to-day vote for a tariff, if they had a fair show, on every ricultural product of that State, and there is not a man from the ate who does not know that.

The documents to which I have made reference demonstrate yond a question that the proportion of the tariff added to the labor at goes into a pair of shoes that comes from a cowhide, or a similar le, was so small that to figure it at all in the retail price of the shoes is sally to talk about. And yet I have understood that from one of States in our southwestern country a new Member of Congress, der this recent régime, spoke in the House of Representatives in vor of having free hides, in order that the Member of Congress ght aid the people in getting cheap shoes for children who go to ool, and that in the presence of the fact that when we have free es in this country and free hides in this country we have paid the st unreasonable prices for shoes and few have been imported—5,000 pairs of shoes were imported into the United States in the ir 1921, when both shoes and hides were free. Why would any benefit by keeping that up, when my wife just the other day, out her own money—I did not have it, the Lord knows—the people o employ me, the cattlemen, are broke—paid $13, in the city of

Washington, for plain, low-quarter shoes, because we are plain people. And for these gentlemen to have the nerve to come before Congress and advocate free hides for the farmers in this country staggers the imagination. I have not the patience to argue the question.

The time has come, I wish to say to this committee, when the people in this Nation who are engaged to-day in working with horns and corns on their hands and callouses on the bottoms of their feet working 10 hours a day, for the mere chance to make a living; with their families wearing coarsest clothing and remaking their old clothes, with the repairing and use of all the agricultural implements and paying these enormous profits that are put upon them by some hook or crook—the people of this country are demanding, and they are going to have, the whole measure of protection against the profiteer of the farmer, and the producer and the live-stock producer, all of whom are working in the same line. Our country must [illegible] undeveloped; we can not even cultivate what we have, and it is a backward step for America to neglect the protection of these producers from the soil, just as certain as we live, unless you shall bring down the costs of what we buy from the manufacturer. I have to pay $180 for a wagon. When I went to Texas in 1878 [illegible] years ago, the Milburn wagon, the Studebaker wagon, the Bain wagon, and others sold and were bought for $75 each; but I paid [illegible] an ordinary wagon for one of my farms that I own, like the railroads own their property, for what I could owe on it—$180? The freight rate on that wagon is nearly as much from South Bend as the price of the wagon was then.

It is an amazing proposition that the concentrated wealth of the country, that which has been enabled to concentrate not only the wealth but the brains of the country, have always got the money to pay to present their specious arguments. . This gentleman who spoke for the producer here was the first man I have seen who had money to get up the charts and prepare to present to you these things as they ought to be presented. But when the others come here they can fill the hotels, they can fill the offices in Washington. You can not even get into an elevator without meeting a lot of them. They are on the job, they know how to do it, and they work three shifts of eight hours each a day and get paid union prices, and preach poverty prices for the farmer.

That is the reason we are here. We do not need to ask you to do your duty, because we feel that you will do it. The House committee made a grave mistake in not putting a duty on live stock and live-stock products that would protect the producer of this country in the home market. If it gives him a monopoly, it will be the first monopoly that he ever benefited from. You can not, however, give him a monopoly. Why? Because we have the soil; we have the labor; we have the climate. We will always produce so that it is absolutely impossible to have a monopoly in farm products in the United States. We ought to-day to be producing sugar that will supply this country and make us an exporter of sugar. Any other nation in the world would have done it with our climate and our opportunities. But we have been so wedded to specious arguments which have been urged, the propaganda which has been spread

amongst us, and to our politics, that we have simply played into the hands of this glut, on the theory that from him who has not shall be taken even the little he hath. I am so impatient with the whole situation that confronts our public life, with those who are controlling things in this country—and I suppose it is so all over the world—that I can scarcely believe, as I heard Frank Hegenbarth out in Washington say, that the stock raiser and the farmer can find a true friend in the city of Washington. They are growing here now; they are hearing from the country, and they are seeing the necessity; and our men, one of them a man from my own town, Fort Worth, where I reside, a city where live stock is one of the greatest businesses, voted for free hides on account of the fact that he wants cheaper shoes and was afraid to put a duty on shoes. I asked him how many shoes he thought were imported into the United States. He did not know. I said, "just enough to make one pair each for the population of Dallas during one year."

I speak these things plain, because I said to the Committee on Interstate Commerce the time has come to talk "turkey;" and that is the way I wish to impress this committee.

I mean no harm by what I say to you. I have the greatest respect for this committee and I have the greatest respect for all of the committees here in Congress. But I have no patience with the idea of refusing to give to the farmer and stock raiser of this country enough tariff protection to insure him a fair degree of preference; that will give him the preference in the markets of this country for what he produces. What are we going to do with this great western country that lies west of the corn belt? There is the intermountain country, with enough territory and land that can be irrigated to feed the United States were it necessary. Yet to-day, by reason of the freight rates, by reason of the situation that confronts the people of this country, it is going back, and it will keep going back. They need to have the benefits of the markets of this country.

This is not an ordinary case of importation, so far as meats and hides are concerned, in general commerce, because only those who bring this in are those who manufacture for exportation from the other surplus countries, just a few large packing houses can import the meat and the hides that come in in competition with the very same stuff they produce and sell for the most part in the sections of the United States which consume the surplus.

It is a question whether you will let that come in here and take the place of what they will produce here if they buy from us when we are selling steers to-day at $40 a head loss all over this western country.

I am glad we have got some eggs. I hope you will protect the eggs, because there are many instances—and this is verily true—where the stockmen who have been worth considerable money, that their families to-day are paying grocery bills from the products of the hens which the housewife is producing.

Senator CURTIS. Tell the committee what the steers cost which are now selling at $40 loss.

Mr. COWAN. Nobody will believe me, Senator.

Senator CURTIS. I know they will not, but I want you to tell, anyhow.

Mr. COWAN. Joe Mercer is going to follow me here, and he will tell you. They cost so much I am afraid to tell you.

Senator CURTIS. That is what I want to get into the record.

Mr. COWAN. The State of Kansas has gone broke because Texas has gone broke selling them cattle to fatten; that is the size of it.

Senator CURTIS. That is right.

Mr. COWAN. I want to make some remarks about some data which I want to introduce. A resolution was passed——

Senator JONES (interposing). Mr. Cowan, if you are not going to touch upon it again: You referred awhile ago to the fact that the meat packers were the ones who imported the meats into this country, and so on. Are you going into that in more detail?

Mr. COWAN. No; I just stated a fact that everybody knows.

Senator JONES. The point I would like to have you make clear, if you will, and if somebody else is not going to touch upon it—this country is a large exporter of meat?

Mr. COWAN. Only hogs, not meat.

Senator JONES. Of meat products—and it is my notion that the hog products are related to the cattle products, and we do export considerable beef products, if my information is correct.

Mr. COWAN. I will leave you the figures on that.

Senator JONES. What I wanted to get at was, if it is a fact, how they would import these beef products and mutton products so as to control the price of those products in this country. In other words to find out how the meat industry of this country, for instance, can be benefited by a tariff.

Mr. COWAN. Answering your last question, as to how it would be benefited by the tariff—it would be in this way:

We have apparently an overproduction compared to the consumption of meats, resulting from many causes, and perhaps the most prolific cause is the very high price of retail meats. The other is the very large amount of unemployment and the ceasing to buy. Unless we can export a surplus when we have it, we are in a very bad situation, as will readily be understood. The other countries—South America, Australia, and New Zealand—export their meat products to the same consuming countries to which we would export ours; the same packers, with the exception of one or two English concerns, manufacture the product in those countries to export to Europe, the same as they manufacture in this country and in Canada to export to Europe. If it turns out that our situation here is such that a better price is obtained, good business would seem to turn the stuff here; and we did witness the importation into this country of an enormous amount of frozen lamb, as you remember.

If we have a good stiff tariff here we will not be made the dumping ground for stuff the world will not take; it will be taken out, because these gentlemen are in business to sell their products. So that we are to be very greatly benefited, first, in the stability of the market and, second, in the stability of the live-stock industry. If we have a staple market our home producer will agree to give a preference in our home market.

Senator JONES. Is not the real benefit that the meat producers of this country will get from the tariff that it will tend to stabilize prices?

Mr. COWAN. Just what I said, in my opinion, after a long study of it.

The resolution I want to offer—and I will file it—was passed by the mid-year meeting of the American Live Stock Association held at Salt Lake City in August, asking for a duty on hides of 20 per cent, which we think should be ad valorem, because there are such a variety of hides, which may be trimmed, and a specific duty by the pound would not be desirable; and on live stock fixed on a basis of 20 per cent. One of the reasons is that it will force all of it to be weighed, and that would give a chance for inspection as it comes in, and it would show just what comes in, how it comes in, and would enable us, so far as Mexico is concerned, probably to prevent stealing such things. You would not pass a tariff for that, but it is desirable from every standpoint, particularly if you put it by the hide, the various values they put upon it will enable one to get an advantage over the other; whereas if you put on an ad valorem duty there is a market price pretty well established known at the time of importation, as to how much it brings on some of the near-by markets per pound.

The National Wool Growers passed their own resolution with respect to wool, and it was indorsed also by joint convention, and these resolutions were fixed—those are the latest expressions on the subject, those resolutions representing the sentiment of the live-stock men.

RESOLUTION NO. 9.—TARIFF LEGISLATION.

Whereas, the American National Live Stock Association and all other live-stock organizations of the West and South are and have continuously been in favor of a reasonable tariff on importations of live stock, meats, hides, and wool, to the end that the American live-stock industry may be accorded a fair degree of preference in the home markets; and

Whereas, the House of Representatives, by passing the tariff legislation known as the Fordney bill, has placed hides on the free list, and has failed to impose a sufficient duty on live stock, meats, and wool to give to American producers such a degree of preference; and

Whereas, it is the right of the live-stock interests that this be corrected and that a duty sufficient for the purpose be placed on such products: Now, therefore, be it

Resolved, by the American National Live Stock Association, at its mid-year meeting in Salt Lake City, Utah, August 26–27, 1921, That we demand—

1. That hides be put upon the dutiable list with a 20 per cent ad valorem duty.
2. That the duty on live stock be fixed on the basis of 20 per cent ad valorem.
3. That the duty on fresh and prepared meats be placed at 20 per cent ad valorem, subject to a minimum of 4 cents a pound.
4. That the duty on wool be placed at the amount demanded by the National Wool Growers' Association, whose position on that subject we hereby indorse; and be it further

Resolved, That it is the sense of this convention that many Congressmen have been misled by specious arguments of shoe and leather concerns to the effect that free hides mean cheaper shoes, which arguments have been abundantly refuted by our experiences under a free-hide policy, with no importations of shoes; and that we call upon stockmen generally to demand of their Congressmen active support of a reasonable duty on these commodities; and be it further

Resolved, That this association take active steps to present arguments to the congressional committees in support of this resolution.

I wish to offer in this connection certain documents. The brief which I filed before the Ways and Means Committee on December 6, 1908, is in my statement there; I wish to offer that brief here. My statement is available in those prints, if desired. The brief

covers the subject so thoroughly that I would like to have it in here, as it has never been printed by this committee.

The CHAIRMAN. Is that brief, Mr. Cowan, a voluminous document?

Mr. COWAN. It is rather voluminous.

Senator CURTIS. It was printed in the House hearings?

The CHAIRMAN. Do you want it printed here?

Mr. COWAN. No; just to have it available.

The CHAIRMAN. I understood you wanted it printed.

Senator LA FOLLETTE. It is difficult to get copies of those old hearings now.

The CHAIRMAN. I am entirely willing to have it printed.

Senator LA FOLLETTE. I would suggest that it be printed so that it will be here with the rest of this new matter.

The CHAIRMAN. I will agree and Mr. Cowan will agree that we do not want to cumber up the record with material that will crowd out the really good matter. If you want it printed, we will print it. If you are satisfied with the printings in the House hearings, we will let it go at that.

Mr. COWAN. It is the old hearing—1908.

The CHAIRMAN. The document will be printed.

Mr. COWAN. The principle and the method of analyses with respect to the extent which the tariff on hides would enter into shoes is also set forth.

BRIEF OF S. H. COWAN, FORT WORTH, TEX., REPRESENTING THE AMERICAN NATIONAL LIVE STOCK ASSOCIATION AND THE CATTLE RAISERS' ASSOCIATION OF TEXAS.

WASHINGTON, D. C., *December 5, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The American National Live Stock Association is composed of stockmen and associations of stockmen in cattle raising and feeding business in States west of the Mississippi River.

The Cattle Raisers' Association of Texas is composed of cattle raisers throughout the Southwest, in Texas, and the trans-Missouri States and Territories.

We oppose placing hides on the free list. We demand equality of opportunity.

It is singular that so many makers and manufacturers of leather should behtr themselves to get cattle hides on the free list, and in the same breath assert that the consumer will get the benefit.

If the consumer happens to do so, it will be because these gentlemen can't help it. Can anyone fairly doubt their intentions to pocket the "change?"

They are equally zealous to tell you that the stock raisers and farmers who produce and sell cattle can get no benefit of the tariff on hides, because, they say, the value of the animal is not affected by the value of the hide, at the same time complaining that hides are too high by the amount of the tariff on account of the tariff.

At the outset, these live-stock associations, which now appear in behalf of the cattle raisers west of the Mississippi River, against the proposal to put hides on the free list, make no objection to removing the tariff if it be true, as asserted by the tanner and the shoemaker, that the value of cattle on the market or elsewhere is not affected by the value of the hide on that animal.

Forty-five per cent of the cattle slaughtered are sold on the markets at Chicago, St. Louis, Kansas City, St. Joseph, Sioux City, St. Paul, and Fort Worth. About 5,000,000 per annum are slaughtered by the big packers, and about 320,000 by others at those markets. Total for the past year was about 5,320,000, exclusive of calves. The total slaughter exclusive of calves in the United States is approximately [illegible] head. On this basis there are slaughtered elsewhere in the United States [illegible] cattle exclusive of calves. Those who slaughter the cattle buy them either at the same markets or at similar but smaller markets and stock yards, to which they are shipped for sale at every important city in the country, or they are bought and driven in by local butchers. Of the 71,267,000 cattle in this country, more than 2,000,000

e of disease or by accident, and from that source comes probably more than 1,000,000 llen hides.

There are hide dealers at every town and city, being more than a thousand such ncerns listed in the yearly directories and yearbooks on hides and leather, who mpete in both buying and selling.

It ought to need no more than a statement of those facts to show the absurdity of e claim that the stock raiser can get no benefit from the tariff on hides.

Fluctuations in prices of cattle and the wide range of prices of different grades of ttle are due to such a multitude of causes, more important than the 15 per cent of e hide value, that the attempt to draw the conclusion that the hide value is not even sent, be it what it may, is mere sophistry. Precisely the same can be said of the ctuations in prices of hides ranging to a much greater per cent than the amount of e duty. Such fluctuations prove nothing as to who gets the benefit of the 15 per nt duty.

Of course the consumer wouldn't get it if the packer, the tanner, and the shoemaker uld get it for themselves. The situation is such that they can't do it. That is why e tanner wants it off.

The mere amount of the tariff is not the only issue; a home market is, above all, the sirable thing. If you take the tariff off cattle hides, that means that the tanners ll stock up on the lowest-priced hides obtainable in the different markets of the rld. and bear the price at home accordingly. Hides produced here will have to be ld on basis of the lowest world market, and we will have to ship them to Europe for le. Thus the taking off of the tariff means a reduction in price much greater than e tariff figures. To satisfy you that such will be, as it was, the case, look at the otation of hides from time to time. If, in order to market, we must first negotiate ale and ship to Europe, our own stock raisers and farmers will lose the transporta- n, all charges, and commissions. The importance of this feature can not be over- timated.

For example, hides consigned to New York from South American points are, as we e reliably informed, being reconsigned from New York to London, because hides e higher in London. Now, the hide dealer in this country can't buy on expecta- n that such higher price there will continue; hence he must in safety discount ough to account for fluctuations.

The proposals of the tanners means upsetting a market the world over, of which he ne can take advantage.

Is that not "the milk of the coconut?"

We trust the committee will be cautious in its action, lest it most injure those who st need its consideration.

I.

We must assume in submitting these statements and arguments that on part of e committee there is an intention to deal fairly as between those engaged in different es of business and as between different localities, and that the investigation is held r the purpose of the ascertainment of facts and conditions with a view of making ws for the whole country and not to subserve some special interest. If the judgment the committee is to be based on facts, there should be no mistake in ascertaining em. The committee, we assume, is not a tribunal which merely affords an oppor- nity for interested parties to present their case, but owes the paramount duty to the untry to itself ascertain the facts, whether those whose interest may be affected pear or not. No judgment by default, or decree pro confesso, can be had, nor ould ex parte statements be taken as true merely because no one has come forward deny them. That stock raisers and farmers can not be expected to appear indi- dually at Washington, like the tanners and manufacturers of leather, is evident m the fact of the comparatively small interest each farmer or stock raiser has in llars and cents in the 15 per cent tariff on hides. The aggregate is as large to them the leather men, but so diffused that they must rest their case with their repre- ntatives.

The associations above named, representing the cattle business, beg leave to file s written statement and argument, in answer to the claims of the tanner and leather nufacturers:

1. We insist that if there is to be a protective tariff the stock raisers and farmers e entitled to equality under the law, be it a good or bad law, as well as others, though it enhances the price of their products, because they are denied free access the markets of the world for what they buy and are made to pay a higher price on count of the tariff on manufactured articles.

2. If the American stock raisers and farmers must patronize the American market what they buy, they demand in turn the same benefit of furnishing the home pply with what they raise to sell.

3. The American stock raiser and farmer does and will furnish enough cattle hides to supply the consumption in this country unless forced to curtail business by prices to meet foreign competition.

4. The reduction of cattle values from outside competition by free hides or cattle, or both, will demoralize the cattle-raising business, lessen our home supply, and in the end increase the cost of meat and meat products and hides.

5. Fifty-five per cent of the hides of cattle produced in this country are [illegible] and sold by others than the big packers and are marketed everywhere. While the level of price has generally been more than in foreign countries from which we [illegible] cattle hides, it has fluctuated between extremes as much as at any of the hide markets of the world.

6. We dispute the claim that cattle raisers do not get any benefit of the 15 per [illegible] duty on hides.

7. We dispute the claim that the value of cattle on the market is not affected [illegible] the value of the hides.

8. We assert that it costs the American stock raisers and farmers materially more [illegible] produce cattle and hides than it does in Mexico, South America, and Africa.

9. We dispute the claim that the public will receive the benefit of taking the [illegible] off hides, but insist that the very motive which prompts the activity of the tanners and manufacturers for free hides is to pocket the profit themselves.

10. We assert that the tanners have now free access to the markets of the world [illegible] hides to make into leather for export, and that the shoe manufacturers are from [illegible] to year increasing their exports of shoes.

11. We submit herewith tables showing the commerce in hides, leather, and shoes and comparative prices and values, covering imports and exports, for the years shown as follows:

[Tables from "Commerce and Navigation," published by Department of Commerce and Labor, [illegible]

Imports of merchandise, years ending June 30.

HIDES AND SKINS OTHER THAN FUR SKINS.

GOAT SKINS, FREE.

	1903	1904	1905	1906	[illegible]
Total	85,114,070	86,338,547	97,803,571	111,079,[illegible]	[illegible]
	$24,928,720	$23,971,731	$[illegible],945,721	$31,773,[illegible]	[illegible]
RECAPITULATION.					
Europe	[illegible]62	10,003	25,719,105	27,963,735	[illegible]
	[illegible]60	15,880	$7,070,847	$7,354,584	[illegible]
North America	[illegible]35	52,400	7,041,262	7,553,196	[illegible]
	[illegible]38	57,220	$2,536,391	$2,066,080	[illegible]
South America	[illegible]67	54,242	10,155,540	9,168,495	[illegible]
	[illegible]05	13,199	$4,055,004	$3,748,422	[illegible]
Asia	[illegible]09	13,905	50,130,091	60,353,398	[illegible]
	[illegible]05	52,013	$12,109,113	$16,267,308	[illegible]
Oceania	[illegible]00	13,610	43	12,042	[illegible]
	[illegible]58	13,154	$13	$3,047	[illegible]
Africa	[illegible]47	54,187	4,757,529	6,018,481	[illegible]
	[illegible]64	50,265	$1,053,353	$1,432,056	[illegible]

HIDES OF CATTLE, DUTIABLE.

	1903	1904	1905	1906	[illegible]
Total	131,644,325	85,370,168	113,177,357	1[illegible],135,[illegible]	[illegible]
	$16,159,902	$10,969,035	$14,940,828	$21,[illegible]	[illegible]
RECAPITULATION.					
Europe	21,558,676	6[illegible]880	17,644,644	44,192,223	[illegible]
	$2,264,190	[illegible]572	$2,078,274	$5,419,467	[illegible]
North America	33,791,471	24[illegible]144	33,205,896	38,971,062	[illegible]
	$3,103,633	$2[illegible]233	$3,291,566	$4,353,672	[illegible]
South America	61,670,923	45[illegible]185	47,067,860	62,225,534	[illegible]
	$8,855,994	[illegible]50	$7,444,873	$9,143,156	[illegible]
Asia	14,076,278	11[illegible]128	14,326,162	18,001,723	[illegible]
	$1,841,339	$1[illegible]676	$2,021,268	$2,733,280	[illegible]
Oceania	113,917	....	343,899	910,380	[illegible]
	$10,971	....	$31,553	[illegible]	[illegible]
Africa	431,060	216,731	597,686	964,346	[illegible]
	$63,776	$31,606	$92,044	$114,326	[illegible]

Imports of merchandise, years ending June 30—Continued.

HIDES AND SKINS OTHER THAN FUR SKINS—Continued.

ALL OTHER FREE.

	1903	1904	1905	1906	1907
Total	102,340,300	103,024,752	126,893,934	158,945,419	136,111,199
	$16,942,982	$17,045,304	$22,868,797	$30,246,198	$30,841,989
RECAPITULATION.					
rope	[illegible]34	96	51	46,218	
	[illegible]44	84	96	07,984	
rth America	[illegible]40	16	63	17,378	
	[illegible]10	80	56	38,104	
uth America	[illegible]03	64	43	33,137	
	[illegible]85	04	96	58,184	
ia	[illegible]31	99	18	33,874	
	[illegible]45	21	82	43,654	
eania	[illegible]29	51	45	50,563	
	[illegible]01	93	46	98,100	
rica	[illegible]86	26	94	34,249	461,709
	[illegible]97	22	21	50,172	$88,931

Exports of domestic merchandise, years ending June 30.

HIDES AND SKINS OTHER THAN FUR SKINS.

	1903	1904	1905	1906	1907
Total	12,850,549	32,727,643	10,268,722	10,752,827	15,296,806
	$1,224,409	$3,246,887	$1,051,641	$1,223,255	$1,760,032
RECAPITULATION.					
rope	7,327,083	23,174,272	7,198,609	9,922,344	14,097,331
	$568,561	$2,251,697	$704,850	$1,114,742	$1,569,422
rth America	5,511,559	9,508,058	3,143,047	826,423	1,133,841
	$533,269	$990,030	$343,816	$107,501	$162,727
th America	4,300	8,770	865	....	285
	$423	$979	$91	....	$28
a	758	3,451	19,611	4,060	165,349
	$122	$380	$2,225	$1,012	$27,856
eania	15,806	....	6,590	....	....
rica	....	32,092	....	....	....
		$3,792	....	....	....

SOLE LEATHER.

	1903	1904	1905	1906	1907
Total	37,428,437	36,830,717	44,107,054	40,548,767	31,900,868
	$6,920,467	$6,978,497	$9,444,873	$8,166,279	$7,024,313
RECAPITULATION.					
rope	35,439,006	33,507,547	26,618,897	34,828,498	28,004,052
	$6,444,209	$6,188,625	$4,970,789	$6,605,888	$5,904,511
rth America	614,425	666,043	694,139	751,255	838,313
	$125,384	$133,877	$138,421	$100,851	$185,996
th America	23,681	16,672	3,829	1,215	2,555
	$6,960	$4,513	$891	$270	$629
a	951,813	2,312,506	16,290,457	4,703,053	2,768,241
	$249,304	$571,996	$4,227,307	$1,353,090	$862,833
eania	163,628	134,055	139,717	72,355	102,953
	$43,472	$38,542	$41,445	$23,161	$29,735
rica	235,884	193,892	297,015	194,403	187,754
	$51,109	$43,945	$80,020	$43,013	$40,609

ote.—Average value sole leather, per pound, appears from the foregoing:

	Cents.
3	18.5
4	18.9
5	21.4
6	20.2
7	22.0

Exports of domestic merchandise, years ending June 30—Continued.

UPPER LEATHER—PATENT OR ENAMEL.

	1903	1904	1905	1906	1907
Total	$122,782	$170,940	$166,320	$143,590	[illegible]
RECAPITULATION.					
Europe	94,267	133,830	93,803	41,154	[illegible]
North America	6,086	17,201	39,048	56,442	[illegible]
South America	2,827	3,567	3,868	17,204	[illegible]
Asia	3,994	4,036	3,110	2,836	[illegible]
Oceania	14,061	9,402	18,686	19,418	[illegible]
Africa	1,547	2,904	7,805	6,536	[illegible]

UPPER LEATHER—SPLITS, BUFF, GRAIN, AND ALL OTHER.

	1903	1904	1905	1906	1907
Total	$13,493,499	$15,049,602	$15,057,791	$17,242,011	[illegible]
RECAPITULATION.					
Europe	12,336,443	13,270,142	13,144,145	14,509,518	[illegible]
North America	389,079	493,306	682,918	832,117	[illegible]
South America	218,914	392,395	493,288	719,067	[illegible]
Asia	48,929	95,001	248,047	548,218	[illegible]
Oceania	450,340	764,697	467,443	613,064	[illegible]
Africa	49,794	34,061	21,950	20,027	[illegible]

ALL OTHER LEATHER.

	1903	1904	1905	1906	1907
Total	$982,251	$1,140,364	$1,813,154	$1,822,337	[illegible]
RECAPITULATION.					
Europe	576,103	667,228	597,399	788,218	[illegible]
North America	315,620	328,464	412,913	560,780	[illegible]
South America	15,912	29,411	23,038	31,971	[illegible]
Asia	8,589	13,510	702,356	310,612	[illegible]
Oceania	46,027	65,082	50,686	108,262	[illegible]
Africa	20,000	36,669	26,762	22,962	[illegible]

BOOTS AND SHOES.

	1903	1904	1905	1906	1907
Total ... pounds	4,197,566	4,642,531	5,315,699	5,672,249	[illegible]
	$6,665,017	$7,238,940	$8,057,697	$9,142,748	[illegible]
RECAPITULATION.					
Europe ... pounds	1,273,485	1,114,439	1,149,899	1,257,004	[illegible]
	$2,672,629	$2,447,368	$2,472,608	$2,591,144	[illegible]
North America	1,985,768	2,673,082	3,425,111	3,774,655	[illegible]
	$2,502,465	$3,300,200	$4,238,642	$5,637,349	[illegible]
South America	175,122	207,240	206,117	197,549	[illegible]
	$210,204	$282,903	$325,467	$363,310	[illegible]
Asia	23,151	22,178	42,332	47,074	[illegible]
	$43,570	$40,672	$77,277	$80,868	[illegible]
Oceania	537,949	503,809	362,646	312,869	[illegible]
	$942,150	$936,321	$673,056	$552,104	[illegible]
Africa	202,091	121,783	129,594	83,098	[illegible]
	$293,999	$231,476	$270,647	$187,973	[illegible]

HARNESS AND SADDLES.

	1903	1904	1905	1906	1907
Total	$373,677	$560,346	$502,660	$691,575	[illegible]
RECAPITULATION.					
Europe	30,887	35,274	32,842	47,540	[illegible]
North America	203,956	261,835	291,614	371,595	[illegible]
South America	56,099	95,898	86,885	121,749	[illegible]
Asia	14,208	19,136	40,611	16,597	[illegible]
Oceania	33,917	131,064	40,269	125,305	[illegible]
Africa	34,610	17,139	10,439	8,590	[illegible]

Exports of domestic merchandise, years ending June 30—Continued.

ALL OTHER.

	1903	1904	1905	1906	1907
Total	$1,064,496	$1,329,747	$1,318,046	$1,491,688	$1,984,385
RECAPITULATION					
[illegible]urope	257,831	340,218	394,266	387,146	757,052
[illegible]rth America	608,060	751,461	731,036	883,073	988,555
[illegible]uth America	49,060	56,635	45,828	48,252	63,311
[illegible]ia	42,158	52,925	54,552	43,350	62,592
[illegible]eania	79,671	113,062	69,098	115,691	94,232
[illegible]rica	27,727	15,456	23,826	14,176	18,643

Imports of hides of cattle (dutiable) for 10 years, their value and amount per pound.

[From Statistical Abstract, Commerce and Labor for 1907, p. 434.]

	Pounds.	Value.	Per pound.[1]
			Cents.
[illegible]	128,243,595	$1[illegible]189	10.8
[illegible]	130,398,020	1[illegible]946	10.4
[illegible]	163,865,165	1[illegible]217	11.8
[illegible]	129,174,624	1[illegible]13	11.8
[illegible]	148,627,907	1[illegible]139	11.8
[illegible]	181,640,325	1[illegible]102	12.2
[illegible]	96,370,168	1[illegible]835	12.8
[illegible]	113,177,357	1[illegible]828	13.2
[illegible]	156,155,300	2[illegible]160	13.9
[illegible]	134,671,020	2[illegible]258	15.3

[1] Estimate ours (only approximate).

[illegible]ports of hides, other than goats and cattle (not dutiable) for 10 years, and their average value.

[Taken from Table 161, Statistical Abstract, Commerce and Labor.]

	Pounds.	Value.	Per pound.
			Cents.
[illegible]	54,607,534	$7,667,342	14
[illegible]	66,965,785	9,877,771	14.7
[illegible]	100,070,795	16,539,807	16.5
[illegible]	77,969,617	12,995,567	16.6
[illegible]	89,457,690	15,054,400	16.8
[illegible]	102,340,303	16,942,962	16.5
[illegible]	103,024,752	17,045,304	16.5
[illegible]	128,893,934	22,868,797	18
[illegible]	158,045,419	30,246,198	19
[illegible]	135,111,199	30,841,989	22.8

Exports of boots and shoes for 10 years.

[From Statistical Abstract, Commerce and Labor, 1907.]

	Pairs.	Value.	Per pair.[1]
[illegible]	1,307,031	$1,816,538	$1.39
[illegible]	1,934,277	2,711,385	1.40
[illegible]	3,016,720	4,276,656	1.41
[illegible]	3,492,041	5,526,190	1.58
[illegible]	3,966,766	6,182,098	1.56
[illegible]	4,197,566	6,665,017	1.59
[illegible]	4,642,531	7,238,940	1.56
[illegible]	5,315,699	8,057,697	1.51
[illegible]	5,672,249	9,[illegible],748	1.61
[illegible]	5,833,914	10,607,949	1.82

[1] Estimates ours (only approximate).

Comparative prices of leather and hides for 10 years.

	Sole leather, per pound.				Upper leather, per foot.									
			Oak.		Satin.		Kangaroo.		Calfskins.					
	Hemlock B. A. & Mont. Mid.	Union No. 1 Mid.	Scoured backs Mid.	Texas sides.	Eastern M.	Western M.	Eastern M.	Western M.	Boarded chrome fin.	Wax, 30 to 35 lbs. av.	Heavy native steers.			Buenos Aires (duty and costs paid).
1897—July	19 @20	26@—	29@30	24 @25	10 @13	11 @14	...	...	...	60 @62½	8½@ 9	8½@—	11½@11¾	18 @18½
October	21 @22	28@30	31@32	26 @27	12 @15	13 @15½	...	...	...	65 @—	10½@—	9½@—	13 @—	20 @—
1898—January	21 @—	29@30	31@32	25 @26	11½@14	12½@15	...	...	22@24	65 @70	10 @11	9½@—	13 @13½	20 @—
April	21 @—	28@29	31@32	25 @26	12 @14	13 @15	...	...	23@24	65 @70	11 @11½	10 @—	12½@13	20 @—
July	21 @—	28@29	32@33	27 @28	12 @14	13 @15	...	...	25@—	70 @75	12½@—	10½@—	12 @13	20 @—
October	21 @—	28@29	31@32	25 @27	12 @14	13 @15	...	...	25@—	70 @72½	11½@—	10½@—	12 @12½	21 @—
1899—January	21 @—	27@28	30@31	25 @26	12 @13	13 @15	...	...	24@—	70 @72½	11½@11¾	9½@10	12½@13	20 @—
April	22 @—	31@32	34@—	26 @—	12 @14	13 @15	...	...	24@—	70 @72½	11½@11¾	9 @—	12 @12½	18 @—
July	21 @22	32@33	34@35	26 @—	12 @14	13 @15	...	...	24@—	65 @72½	11½@12	9½@—	12½@—	21 @—
October	23 @24½	34@36	34@—	28 @30	12½@14½	13½@15½	...	...	24@—	70 @72½	13 @13½	10½@—	12½@13½	24 @—
1900—January	24 @25½	35@36	35@36	31 @—	13½@14½	14½@15½	...	...	23@24	70 @72½	13½@—	10½@—	13 @13½	23 @24
April	24 @25½	36@—	37@38	30 @31	13½@15	14½@15½	...	...	24@—	70 @72½	13½@—	10 @—	12½@13½	24 @25
July	25 @25½	32@33	36@	29 @—	11½@13	13 @15	...	...	23@—	65 @—	11 @—	8½@—	11 @12	23 @—
October	23½@24	29@30	32@33	28 @—	11 @12	12 @14	...	...	22@—	65 @—	11½@—	8½@—	10 @10½	23 @—
1901—January	24 @25	31@32	35@—	30 @—	12 @13	13 @15	...	...	22@—	60 @—	12½@—	8½@—	11½@12	21½@—
April	24 @25	32@33	34@—	29 @30	12 @13	13 @14	...	...	22@—	65 @67½	10½@10½	7½@—	11½@12½	...
July	24½@25	31@32	35@—	30 @—	11 @12	12 @13	...	...	23@24	62½@67½	12½@—	9½@—	11½@12	...
October	24½@25	33@34	35@36	31 @—	11 @12½	12½@13½	...	...	23@24	62½@65	13 @—	9½@—	11½@12	...
1902—January	24 @25	34@35	37@—	31 @33	12 @13	13 @14	11 @12	14 @15	23@24	62½@67½	14 @—	9½@—	12½@12½	21 @—
April	23 @24	33@34	36@—	30 @31	11 @12	13 @15	11 @12	14 @15	22@23	62½@65	12½@—	8 @—	11½@11¾	...
July	23 @23½	34@35	37@38	30 @31	10 @11½	12 @14	10 @12	12½@14	22@23	62½@65	13 @—	8½@—	11 @11½	...
October	23 @24	34@35	38@39	32 @33	10 @12	12 @14	14 @16	17 @19	22@—	62½@65	14½@—	9 @—	12 @—	...
1903—January	23 @—	34@35	37@38	30 @31	10 @11½	12 @14	10½@12½	15½@16	22@—	62 @67	13½@—	8½@—	12½@—	21½@—
April	22 @—	33@34	39@40	31 @—	11 @12½	12 @14	10½@12½	15½@16½	20@	67½@72½	11½@—	8½@—	12½@13	...
July	22 @—	33@34	37@38	30 @31	10 @12	12 @14	10½@12½	15½@16	20@—	67½@72½	12 @—	9½@—	11½@12	...
October	23 @—	32@33	37@—	30 @—	11 @12½	12 @14	10½@12½	15½@16½	19@21	62½@67½	12 @—	9 @—	10½@10¾	...
1904—January	23 @—	32@—	34@35	28 @29	11 @12½	12 @14	11 @12½	15½@16	19@20	65 @70	11½@—	8½@—	12½@13	21½@—
April	23 @—	31@32	34@35	28 @29	11 @12½	12 @14	11 @12½	15½@16	19@20	65 @70	10½@—	9 @—	12½@13	...
July	22 @—	30@31	32@33	26 @27	11 @12½	12 @14	11 @12½	15½@16	19@21	65 @70	11½@—	9½@—	13 @13½	...
October	22 @23	31@32	33@34	29 @30	12 @13	14 @15½	11½@13½	16 @17	22@23	65 @70	10½@—	9 @—	13½@14	...
1905—January	22½@23	35@—	36@37	31 @—	12½@14	14½@16	11½@13½	17 @17½	23@24	62½@67½	13½@—	9½@10	14½@14½	22½@—
April	22½@23½	36@—	37@38	31 @—	12½@14	14½@16	11½@13½	17 @17½	22@24	65 @70	13½@—	10½@—	14½@15	...
August	22½@23	35@36	37@—	31 @—	14 @15½	15½@17	14 @14½	17½@19	22@23	70 @75	15½@—	12½@13	14½@—	...
October	24 @25	37@38	37@38	33 @34	15½@16½	17 @18½	15½@16	19½@20½	23@26	72½@75	15½@16½	13½@13½	15½@16	25 @25½
1906—January	24 @25	37@38	38@39	[illegible]	[illegible]	[illegible]	16 @16½	19½@20	23@26	72½@75	15½@15½	13½@13½	16 @—	25½@26
April	25 @25½	[illegible]@37	37@38	[illegible]	[illegible]	[illegible]	16 @16½	19½@20	24@26	72½@75	15½@—	13½@13½	16½@—	26 @27
August	25½@[illegible]	[illegible]@37	37@38	[illegible]	[illegible]	[illegible]	16 @16½	19½@20	26@27	72½@75	[illegible]	14 @—	16 @—	27 @[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	27 @[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price of hides in Chicago market, 1892 to 1904.

[Taken from p. 218 of Report of Department of Commerce and Labor on the Beef Industry.]

	Cents.		Cents.
92	6.32	1899	11.02
93	5.50	1900	10.61
94	5.16	1901	10.87
95	8.47	1902	11.55
96	6.98	1903	10.58
97	8.81	1904	10.63
98	10.04		

Comparative prices for 1903 of different classes of hides.

[Taken from Report of Department of Commerce and Labor, p. 216.]

	Cents.		Cents.
ivy native steers	11.69	Light native cows	9.64
t-branded steers	10.57	Branded cows	9.19
ivy Texas steers	12.64	Native bulls	9.61
ht Texas steers	11.19	Branded bulls	7.69
orado steers	10.54		
ivy native cows	10.07	Average	10.28

III.

n its report on the beef industry the Department of Commerce and Labor (1904) mated our annual beef supply at 13,000,000 head, of which approximately ,000 are annually exported, leaving 12,500,000 (see pp. 53 to 57); of this number it estimated that the six large packers slaughter 45 per cent. If this be approxi-ely correct, then, of the total, butcher hides produced by packers are 5,425,000. ce 1904 there has been an increase in cattle, other than milch cows, of 15 per cent 1907 Statistical Abstract). Assuming butcher hides to have had a similar in-se, the total would be 14,375,000, of which the six large packers, however, have increased their slaughter.

he Bureau of Animal Industry estimated about 2,324,773 cattle that die by disease accident for 1904. To what extent the hides are taken we know of no figures to s. That it is a large per cent there can be no doubt, probably at least 50 per cent, ,162,386, total animal-hide production of fallen hides that go into the open market. les undeniably are as extensively produced and marketed as the distribution of le which stock raisers, farmers, and small butchers produce and market every-re

he value of cattle hides imported for nine months, 1908, shown by Summary of merce and Finance of United States for September, 1908, was the average 11.5 s per pound.

he importation of hides of cattle decreased in 1907 compared with 1906, and for the e months ending September, 1906, 1907, and 1908, show a decrease in importation les of cattle; 1908 shows 6.4 per cent under 1907, and 18.4 per cent under 1906.

uring the same nine months, importations of leather and leather articles declined llows: 1908 under 1907, 45.8 per cent, and under 1906, 35.3 per cent.

uring the same period (nine months' comparison), there was an increase in exports her 10.9 per cent over 1906, and almost as great export as for same period, 1907.

n the case of sole leather there was an increase 1908 over 1907 of approximately 7 cent though a large falling off as compared to 1906, which was an unusual year importation of hides, which, no doubt, were made into leather and exported. le leather is chiefly exported from imported hides, with a drawback equal to the y.

t may be fairly gathered, from the total cattle slaughter of around 12,500,000 to 00,000 head, and probably 1,000,000 fallen hides, that we produce cattle hides 14,000,000, and at 60 pounds average, which is under the average green, and 15 cent shrinkage in curing leaves 51 pounds per head, total weight cured hides, 000,000 pounds, as compared to about 134,000,000 pounds of cattle hides imported. we deduct the 31,000,000 pounds of sole leather exported, and the leather manu-tured articles shown in the foregoing tables, it seems certain that so far as cattle es are used for articles consumed in this country, our production is sufficient for home consumption. Furthermore, that there is an open market for 55 per cent of cher hides and all fallen hides, making in all about 40 per cent in hands of the big kers at time skinned, and 60 per cent widely distributed.

IV.

The Union Stock Yards, Chicago, have just issued for distribution among th stockmen attending the International Live Stock Exposition, now holding its annu meeting at Chicago, the following statement:

"*To stockmen and farmers:*

"Do you know that 44.7 per cent of the 2,154,690 cattle received at Chicago s far this year have been sold and shipped alive, mainly for eastern slaughter an export? Also, that last year the number was 43.9 per cent and the year before 40 per cent, while during several months this year over 50 per cent were sold and shipp alive?

"The significance of this increasing percentage of live shipments lies in the i of growing competition among buyers on the Chicago market.

"Eastern buyers and exporters are constantly on the market, and they look t Chicago as headquarters for supplies, thus furnishing at all times full competiti From 40 to 50 per cent of the total cattle receipts at Chicago are sold on the mark for shipment alive, mainly to eastern slaughtering points and to the seaboard f export."

On January 15, 1908, the same company issued and distributed the following car showing the sale and disposition for a week and the wide range of slaughter:

"Just think of it! Outside buyers in a single day buy on the Chicago mark and ship out 681 carloads of live stock to 195 different consignees at 150 differe points in 9 different States.

"As showing the increasing outside competition in buying and wide range of di tribution of live stock sold on the Chicago market, the following reports of the p week's shipments are quoted:

"Monday, out of 2,515 carloads received, outside buyers bought and shipped 681 carloads of live stock to 195 different consignees at 150 different points in 9 differe States. Fourteen consignees shipped 322 cars, while 181 consignees shipped 359 and there were more than 100 different shipments of 1 carload each. Monday's cat shipments totaled 10,475 head, breaking the record for one day. Of these, only head were stockers and feeders.

"Wednesday, out of 1,744 cars received, 499 cars were sold and shipped alive 198 different consignees at 167 different points in 10 different States.

"Thursday, 1,100 cars were received, while 420 cars were shipped to 132 differ consignees at 78 different points in 16 different States.

"During the week there were shipped out 2,306 carloads, or 113,910 head of l stock, of which 1,655 carloads, or 34,839 head (averaging 21 head per car) were cat constituting 48.6 per cent of the receipts.

"This week, starting out with active markets, a strong demand from every sec and prospects for good prices, notwithstanding Monday's run of 3,050 cars, or ab 136,000 animals, bids fair to exceed the above records.

"These figures prove that the outside demand and competition for beef cattle all other live stock at Chicago is greater than ever."

Later and in February the same company issued a card containing similar info tion for one day's business, Monday, February 10, 1908, as follows:

"Chicago's enormous live-stock receipts and shipments create new records. promptly absorbed.

"Monday, February 10, 1908, the Chicago Union Stock Yards received cattle, 1,303 calves, 87,716 hogs, 26,999 sheep, and 838 horses, or a total of 15 animals, in 2,933 cars, breaking the previous record of hog receipts and total num of animals received.

"Of the receipts, there were sold and shipped alive mainly to eastern slaughte points and for export, 10,063 cattle, 28 calves, 21,138 hogs, 6,469 sheep, and 109 ho or a total of 37,807 animals in 787 cars, breaking all previous records of hog shipm total number of carloads shipped, and total number of animals shipped.

"The grand total handled by the railroads and the Union Stock Yards and Tr Company on that day was 188,164 animals and 3,720 cars, which is equal to a train over 28 miles long, or if ranged in single file would make a solid process animals over 200 miles long and require ten days to pass a given point marching stantly at the rate of 20 miles per day. This is something never before equ Moreover, all were quickly and easily handled.

"Monday's enormous receipts were promptly absorbed at only a slight reduc from the prices of the previous week, practically all being sold on day of arr Packers got upward of 51,000 hogs, shippers bought close to 25,000, and the remai were mixed hogs, mostly sold to speculators. Of the 11,000 left over 4,000 carried over by shippers and 7,000 by speculators, almost everything being sold

"No other live-stock market in the world could have withstood such an enormous un in proportion without a disastrous break in prices. Yet so great is the demand r meats and live stock of all kinds at Chicago that Tuesday, with full ordinary eceipts, hogs sold 5 to 10 cents higher and cattle and sheep about steady, while Vednesday's markets show further advances of 5 to 10 cents in every department.

"The above facts demonstrate the value to shippers of Chicago's splendid market cilities, her practically unlimited capacity for handling live stock, and the constant emendous demand at Chicago for live stock of all kinds at the highest average rices.

'These statements of figures we have no reason to doubt, and they point to the ct that the stock raiser and farmer get the benefit of whatever competition there is r the entire animal and all parts going to make up its value. The eastern buyer ts the hide as well as the animal, and undoubtedly for both when he buys the one, lying upon his expectations to sell the hide as well as the meat in proportion to its lue.

The total cattle marketed at Chicago for 1907 was 3,305,314 head; calves, 421,934 ad. Of the cattle thus marketed, there were 377,000 of western range cattle, or 11.4 r cent; the balance came mainly from corn-belt States. The committee will find, it cares to investigate it, that Iowa leads in the total, and that the best cattle are arketed in one, two, and three carload shipments by the farmers from all the corn-lt States, and these furnish a large part of the shipments to eastern slaughtering nts."

The contention that the farmer gets no advantage from higher priced hides is absurd view of these facts, and that the hides are bought by the tanners from the local tchers. That the price of the hide is an important factor is so well stated in an ticle written by J. A. Spoor, president of the Union Stock Yards, of Chicago, appear-g in the Live Stock World of January 1, headed "Live Stock Trade of 1907," that copy as follows:

"No. 1 packer's heavy native steer hides made a decline from 16¼ to 16½ cents in uary, to 11½ to 11¾ cents in December, or more than 28 per cent, making a differ-ce in this item alone of nearly $4 per head in the returns from medium to prime tive steers, while packer's prime tallow declined from 6¾ to 7 cents in January to to 5¾ cents in December, or over 18 per cent, making a further difference in returns about $1 per head, with the decline still greater on the poorer classes of hides and aper grades of tallow, and there was a similar decrease of values for all other by-ducts."

It is a matter of common knowledge among stockmen that there was a serious decline prices of cattle during 1907, concurrent with the decline in hides. This decline s substantially similar at all markets. Of course there are a multitude of condi-s which affect the price, and always present the effort of buyers to purchase at low a figure as they can secure. When the supply is great the buyer dominates the rket, and when the supply is less that power is less. That applies to the animal as ole and necessarily to every part of it which competitive buyers can use; certainly the hide, because there is no special expensive equipment essential to taking care the hide and a ready market for them to the tanners. Aside from calves, the claim t the packers handle, on the average, the heavy hides and other slaughterers the hter hides has little, if any, foundation, when it is remembered that they furnish only market for canners on which the hide weight is much below the average.

V.

The controversy mainly arises on the demand of manufacturers of shoes, and ers, that hides be placed on the free list, which is one of the plans advocated ing to a reduction in cost of leather. If the stock raiser and farmer must suffer this reason, just let it go round, then the protective system will go down altogether. Under the present law the tariff on cattle, hides (dry, salted, or pickled), is 15 per t ad valorem, provided that upon all leather exported made from imported hides re should be allowed a drawback equal to the amount of the duty paid on said les, etc. (See item 437, effective July 24, 1897.) On leather there is an ad valorem ty of 20 per cent, with the exception of certain sorts of leather not necessary to ify. On shoes and boots there is an ad valorem duty of 25 per cent. (See item .)

The proposition which is made by the above-named associations is that the duty hides be not reduced, because the duty is very small, and they are as much entitled it as anybody else.

The contention on the part of the manufacturers is that the tariff should be taken hides on the theory that they want "free raw material." Hides are as much the

product of labor and skill as anything else, hence can not be called raw material. The "free raw material" argument has for its major premise the denial of the right of protection to the producer of such articles as some one else wishes to prepare for market or manufacture in some other form, and to have and demand a protective tariff on what in turn he produces for sale sufficient to put the outside competitors practically out of business. The manufacturer in such a case asserts with great vehemence the correctness of the principles of protection that he desires to apply in such matters to best subserve his own purpose, regardless of the effect it may have on others, in denying the same sort of rights to the farmer and stock raiser. As part of the plan he insists not only for the protective tariff on what he produces, but for the articles which he wishes to use in his business; he wants to buy in the markets of the world without having to pay any import duty, and to force the farmer and stock raiser to meet that competition. That is, that he be accorded the protection in order that he may increase his business, or the price, and that others equally meritorious as citizens of the country shall be denied the same privilege in order that he may profit.

He says it costs him more for labor and materials than his foreign competitor, overlooking the fact that the farmer and stock raiser is in the same boat.

The claim that no labor or investment is required to produce a hide is quite applicable to tallow and meat. It takes three years to mature a 3-year-old steer, and where land is exclusively devoted to grazing an investment of an average of $5 in land and constant care and attention. The investment in the property on which to raise cattle and feed them is enormous, and the investment in farm value of cattle alone is many times greater than all the leather and shoe business of the country.

As applied to commodities of prime necessity which are not produced in this country, and as to which the stimulation of reasonable protection will not induce any considerable production, it may be, and as a rule probably is, best where the protective system is adopted as a policy of government to admit such articles free of duty in order that they may be manufactured and the finished product supplied to the consumer without being burdened with the import duty. In such an instance we are concerned only in the use, manufacture, or trade of the article so imported free of duty, and are not concerned in the producers of the article, and hence under no obligation to protect his interest as a producer. The case is entirley different when an article of commerce is a matter of extensive and general production in this country, where great numbers of people must suffer loss by being compelled to meet the price at which it might be imported free, when the cost of production in this country is greater than it is in countries from which such products would be drawn if imported free of duty.

In the case of hides, it is perfectly plain that if they are to be put upon the free list then we must undertake to sell hides in all of the markets of the world in competition with those produced everywhere else, and that regardless of the circumstances of the cost of production. We must be robbed of our home market to seek one elsewhere so long, at least, as the markets in other portions of the country are better. The absurdity of the proposition as applied to hides of cattle so extensively produced in every State in the Union needs no argument to support it if the principle of protection is to be applied at all, and if when applied it is to be done fairly to all interests and not as mere favoritism, and by protective system we do not mean merely on leather products but on all the farmer buys.

Perhaps the stongest objection to the protective system is that in its practical application it builds up an individual or a business or a class of individuals and their business by giving them an advantage over producers in foreign countries or the importer from foreign countries, which advantage must be paid for to the extent to which it may exist by the public of this country as consumers of the articles thus protected, and in this way the localities where the business which is protected exists is favored to that extent as may be business incidentally or directly connected with such protected industries, to the detriment of the other part of the country. The principles of government recognized in this country are that no special interests shall be subserved by law, and it ought not to be the intention, therefore, of the protective tariff to subserve a special interest. The object is to subserve the best interest of the whole country, and we may assume that the people of this country have decided correctly that that can be best done by a protective tariff, but at the same time they have not meant to decide that a protective tariff shall be applied with partiality and one large and meritorious class of people be deprived of it in order that some others may make greater profit in their business; and this is the very use to which the manufacturer here seeks to make by his demand for free hides and free wool.

The point at which the people suffer in such a case is that they pay a higher price for the protected article because there is a duty upon it. This may not be the case in all instances, but as a general proposition it can scarcely be denied. We may assume that the public has decided that it is best for the people as a whole that they ...

pay a higher price, if by doing so great industries are built up in this country, by protection from outside competition, laborers employed, and the manufacturer and laborer in turn becoming the customer for that which is produced in other spheres of industry. The theory is that if a factory can run, pay good wages, and supply the trade by furnishing a market for the farmer, and that although the farmer may have to pay a higher price for the manufactured article, he is thereby furnished a market for what he grows and gets a better market for it, and in the end is more benefited than damaged. That is to say, the great home market is built up. The ability of the people in this country as consumers to afford a market for the production of this country is wonderfully enhanced by the fact that we manufacture at home what we need and that we can better afford to pay more for it.

This is the backbone of the argument in support of the protective system, which means higher price on manufactured articles than would exist could we go into the markets of the world and import them free of duty.

Now, let us apply this argument to the cost of the production of hides. If the principle is good in the one case, it is good in the other, and it is plain to be seen that the producer of hides is as much entitled to a protective tariff on hides in order to enable him to get a higher price for the hides than otherwise he would get, and thus stimulate the production and make him better able to buy manufactured articles, as is the manufacturer. The right to equal protection of the law entitles the stock raiser and farmer to the benefit of a protective tariff on hides or wool, so long as it exists on the things which he buys, and the opportunity at least to benefit by it, precisely in the same manner and for the same purpose that the manufacturer is entitled to it can not be fairly denied.

Much has been said about benefit that the farmer derives from protection, but the instances are very rare where he derives a direct benefit from the duty on the articles which he produces. The benefit is said to arise from the general application of the protective tariff in that it affords him a better market wherever he can be protected, in order to enable him to get a better market and a better price. But on what principle can he be denied the same protection on his products, so that he in turn may become a better customer of the producer or manufacturer, and thus make a better market for the latter?

On what principle can it be asserted that the producer of sugar is entitled to a protective tariff which will not equally apply to the production of hides or the manufacture of leather? The tanner wants free hides; the shoe manufacturer free leather and free hides: both from selfishness.

The contention that some one between the producer of hides and consumer of leather takes advantage of his ability to monopolize the market on hides and deprive the stock raiser and farmer of the benefit of protection has no place in the argument upon the question as to whether or not the producer of hides is entitled to a protective tariff. If this is a monopoly against the hide producers, it is the duty of the Government to destroy it and not to destroy the producer of hides. If there is to be established the principle that wherever the producer of an article protected is deprived of the benefit of the protection by monopoly, and on that ground the product is admitted free of duty, the law will have placed a premium on monopoly, which it should destroy. It simply enables the monopoly to buy cheaper. Suppose, for example, the duty should be taken off the hides, and they should be bought in foreign countries and laid down in this country 15 per cent less than the present value of hides, who would get the benefit of it, if such monopoly exists as is asserted? The place at which to begin on point of law to meet conditions that may be thus produced by monopoly is not by taking the tariffs off so-called raw materials produced by the farmers and stock raisers of this country, who do not create monopolies, but to take the tariff off the manufactured articles, so that the consumer will get the benefit in the end. If the producers of leather in this country have sufficient control of the hide market that they can name the price at which the producer must sell the hides, they can equally be as powerful to name the price of leather made from imported hides.

Now, suppose the tariff were taken off the hides and they are permitted to go into the markets of the world and buy them as cheap or cheaper than they do in this country. Can anyone give any assurance that the price of leather will decline on that account? And suppose the price of leather does decline—who can vouchsafe that the manufacturers of shoes will sell them cheaper because of the lower price of leather? The fact is that neither the price of leather nor shoes has fluctuated with the price of hides.

It will be interesting to compare the price of hides, leather, and shoes at stated periods during each year for several years past. It will doubtless be found that the relative price of shoes was in the main not apparently affected by the price of leather or the price of hides.

From two-thirds to three-fourths of all the beef cattle produced in the Uni[illegible] States come from west of the Mississippi River, and necessarily the hides are produ[illegible] in that section. To say that the value of the animal is not affected by the va[illegible] the hide is equivalent to saying that it was not affected by the value of the wo[illegible] the quality, character, or value of the meat. We might admit that under som[illegible] cumstances the owner of the animal may not be able to get as much as it is [illegible] compared with what the consumer finally pays for the finished and prepared pr[illegible] but that does not mean that the value of the animal is not affected by an ab[illegible] higher or lower price of some material part of it. The question is, Shall the [illegible] declare that the producer of these great articles of trade shall be deprived [illegible] benefit of protection for the same purpose which the manufacturer has it, upo[illegible] mere assertion of some one who perhaps knows nothing about it, that the valu[illegible] the animal is not to be affected by the tariff on hides or on wool? A false asser[illegible] made for profit.

Equality of opportunity is a maxim of the law, and it lies in no man's mouth [illegible] that a certain class shall not have it because of the assertion that it can not mak[illegible] of it. It certainly can not if the law denies the right.

Undeniably the prosperity of the live-stock business in cattle, sheep, and hog[illegible] the country west of the Mississippi River has made the upbuilding of that vas[illegible] possible, and has added commercially to the prosperity of the whole country. [illegible] to that source which the manufacturers of the East must look to sell their produ[illegible] and if the people of that great section are to be impoverished in order that profits [illegible] be still greater for the manufacturer in the East, or for any other reason, it will [illegible] perversion of the professed principles underlying the protective tariff system [illegible] only a few articles can they possibly directly benefit by protection. Shall it be [illegible] denied on those?

It may be said that the motive on the part of the stock raisers and producers [illegible] hides and wool is for a protective tariff in order to profit by it; that is true. Why no[illegible] Surely no less can be said of the motive of those who seek to put hides and wo[illegible] the free list. If these articles should be put on the free list in order that the ma[illegible] facturers may prosper to a greater extent than now by being able to seek a chea[illegible] source of supply, why should not the farmer likewise be entitled to go abroad to [illegible] his supplies, because to do so he may prosper more than now?

Millions of people are engaged in producing animals, hides, and wool. Shall th[illegible] be sacrificed, and the manufacturers of those products, far less in number, be give[illegible] a special privilege, on the mere assertion that to do so will reduce the price of sh[illegible] or clothes to the consumer? Cast up and see who is making the most profit. Th[illegible] manufacturer has no notion of reducing the price; his motive lies in getting the mo[illegible] profit from the man who toils to make the so-called raw material, and to buy [illegible] manufacturer's goods. He is not in business for benevolence. He haunts the ha[illegible] of Congress and the hotel lobbies at Washington, while the farmer herds and fe[illegible] his stock, and tills the land and supports his family, for whom he buys the cloth[illegible] and shoes from which the manufacturer profits. The manufacturer looks after mak[illegible] the laws in person, the farmer and stock raiser must leave it to his representat[illegible] What will be the result?

VI.

The live stock interests which are represented desire to call specific attention [illegible] Ways and Means Committee to the importance of this industry to the prosperit[illegible] the nation, and that its trade should be fostered in every way to the end of th[illegible] market at home and abroad, and we here copy an extract from the pamphlet [illegible] by the Agricultural Department Bureau of Statistics, Bulletin No. 55, as follow[illegible]

Importance of the Meat Industry.

With a meat export in 1900 amounting to one-eighth of the production, the grow[illegible] of meat animals and the manufacture of the products derived from their slaughter [illegible] largely dependent upon the export trade, and the foreign marketing is essentia[illegible] the maintenance of the present magnitude of the meat industry and of prices profit[illegible] to the farmer.

Although this is a country of meat eaters, with a total population estimated b[illegible] Bureau of the Census at 84,000,000 in 1906, the surplus of meat produced in 190[illegible] estimated in the preparation of this bulletin, was large enough to feed either [illegible] United Kingdom or the German Empire for nearly half a year, or both [illegible]

three months; the population of those two countries in 1901 was 98,000,000, as compared with a population of 76,000,000 in this country the year before.

If such an immense quantity of surplus meat food were to be confined within this country by the refusal of foreign countries to buy it, there would follow consequences to farmer, rangeman, slaughterer, and packer which would be financially disastrous.

In the valuation of all domestic animals in the census of 1900 the kind of meat animals having the highest value in the aggregate was cattle. The value of all cattle on farms and ranges and off farms and ranges in cities, villages, and elsewhere, was $1,500,000,000, about one-third of which is the value given to dairy cows and two-thirds to other cattle. Swine occupy second place in order of value, but much below the total for cattle, the figures given being $239,000,000. Sheep have third place with $171,000,000, and goats have the small place indicated by $3,400,000. A grand total value of all meat animals on and off farms and ranges, according to the census, was $1,929,000,000.

The latest annual estimate of the value of meat animals on farms and ranges made by the Bureau of Statistics of the Department of Agriculture, January 1, 1907, gives to dairy cows the value of $645,500,000, or an increase of $137,000,000 over 1900. The decreased total value given to other cattle, although the value is larger per head, somewhat offsets the increase for dairy cows, since the loss in other cattle is $85,000,000 from the value of 1900. The estimate for sheep for 1907 indicates an increase of $34,000,000 in value above the census statement, and for swine an increase of $186,000,000; there is no estimate for goats, which, for present purposes, may be regarded as having the 1900 census value.

Meat animals on farms and ranges January 1, 1907, increased in value in the aggregate $272,000,000 above the census amount of June 1, 1900, and rose to a total value of $2,152,000,000. The estimates of this department are for January 1, a time of the year when the number of swine and sheep is about one-fifth less than that on June 1, which is the census date, and the number of cattle is less in midwinter than on June 1. Hence, if the department's statements for January 1 were raised to a basis of June 1, the foregoing values for 1907 would be increased.

OTHER ITEMS OF CAPITAL.

Not only are the prices of meat animals directly affected by the marketing of the national surplus of meat, but likewise the value of the farms and ranges on which they are raised. While nearly all farms maintain at least one meat animal, the farms and ranges devoted especially to the production of live stock are the ones more directly affected.

The value of live-stock farms and ranges was estimated by the Bureau of Statistics of the Department of Agriculture in 1905 to be $7,951,000,000, by adding to the census valuation the increase of the succeeding five years. Some horse and mule farms are unavoidably included.

To the value of meat animals and of live-stock farms and ranges should be added the value of implements and machinery on such farms and ranges, or $235,500,000.

Then there is a large amount of capital invested in wholesale slaughtering, meat packing, lard refining, and oleomargarine establishments which was determined by the Bureau of the Census to be $238,000,000 in 1904.

The sum of the foregoing items of capital directly affected by the export of the national surplus of meat is $10,625,000,000 and this capital is directly dependent upon such disposal for its profitable use and, indeed, for the integrity of the investment.

In addition to the capital concerned there are annual productions that should be noted. Upon the basis of census values the farm value of the cattle, sheep, and swine slaughtered and exported alive in 1900 was $649,417,340. This is a computed value which may be above or below the fact for 1900; but whatever the true value was for that year, it was much larger for 1906, with its high values and large exports as well as perhaps increased home consumption.

The great annual corn crop of the country, having a value of $1,167,000,000 in 1906, is very largely converted into meat, fats, and oils, and a large fraction of this crop is exported in the form of the commodities mentioned.

Capital directly affected by exports of surplus meat.

Item.	Value.
Value of domestic meat animals on farms and ranges, January 1, 1907	$2,152,330,1[illegible]
Value of domestic meat animals not on farms and ranges, June 1, 1900	48,627,[illegible]
Value of live-stock farms and ranges, 1905, autumn	7,950,919,[illegible]
Value of implements and machinery on live-stock farms and ranges, June 1, 1900	235,4[illegible]
Capital of wholesale slaughtering, meat-packing, lard-refining, and oleomargarine establishments, 1904	227,714,[illegible]
Total	10,625,0[illegible]

COMPARISON WITH OTHER INVESTMENTS.

Better to understand the magnitude of the interests involved in the maintenan[illegible] of meat exports, comparisons may be made with other aggregates of capital and class[illegible] of wealth. The capital directly related to meat production for export, $10,625,000,00[illegible] is five-sixths as large as all capital invested in manufacturing in 1904. It is bar[illegible] under the figures representing the capitalization of the net earnings of steam rai[illegible] roads, estimated by the Bureau of the Census, June 1, 1904; it is a little greater tha[illegible] the estimated true value of all property situated in the South Central division [illegible] States in 1904, as also of all property situated in the Rocky Mountain and Paci[illegible] regions. It is more than one billion dollars above the value of the real estate and [illegible] the implements and machinery of farms devoted chiefly to producing cotton, hay, and grain; or the estimated true value of all property situated in New England i[illegible] 1904; or the estimated true value of the entire real estate of the South in 1904. It i[illegible] nearly twice the value of the real estate and of the implements and machinery [illegible] farms devoted chiefly to producing cotton, fruit, rice, sugar, tobacco, vegetable[illegible] and to general farming; or more than twice the estimated true value of street railway[illegible] shipping, waterworks, telegraph and telephone systems, electric light and pow[illegible] stations, Pullman and private cars, and canals in 1904.

Meat capital compared with other capital and classes of wealth.

Item.	Value.
Capital directly related to meat production for export	$10,625,0[illegible]
Capital invested in manufacturing, 1904	12,686,2[illegible]
Capitalization of net earnings of steam railroads, June 1, 1904	11,244,732,[illegible]
Value of real estate (1905, autumn) and of implements and machinery (1900) of farms devoted chiefly to producing cotton, hay, and grain	9,074,16[illegible]
Value of real estate (1905, autumn) and of implements and machinery (1900) of farms devoted chiefly to producing cotton, fruit, rice, sugar, tobacco, vegetables, and to general farming (including small specialties)	5,702,314,[illegible]
Estimated true value of street railways, shipping, waterworks, telegraph and telephone systems, electric-light and power stations, Pullman and private cars, and canals (1904)	4,480,54[illegible]
Estimated true value of entire real estate of South Atlantic and South Central divisions, 1904	9,506,9[illegible]
Estimated true value of all property situated in New England, 1904	8,[illegible]
Estimated true value of all property situated in the South Central division, 1904	10,052,[illegible]
Estimated true value of all property situated in the Western division (Rocky Mountain and Pacific regions), 1904	9,902,[illegible]

Under the heading "Stock of Meat Animals—Number in the World," same bulleti[illegible] it is stated:

It appears that contiguous United States has 74,200,000 cattle of the 424,50[illegible] cattle known to be in the world, or 17.5 per cent. British India has a larger fract[illegible] or 20.9 per cent, but the fraction is smaller than that of the United States in [illegible] other country—one-half or less.

This country does not figure so largely in comparison with the total sheep, [illegible] the number in contiguous United States is but 53,500,000 of the 609,800,000 shee[illegible] or 8.8 per cent. This fraction is exceeded by that of three countries. Argentina [illegible] 19.7 per cent of the world's sheep as far as known; Australia has 12.2 per cent [illegible] European Russia 9.7 per cent.

The greatest prominence of this country in the possession of a meat animal is fo[illegible] in the number of swine. Of the world's 141,300,000 known swine, the United Sta[illegible]

has 56,600,000, or 40.1 per cent; Germany is the second country in order of importance with 13.4 per cent; Austria-Hungary follows with 9 per cent; and European Russia with 8.4 per cent.

In the possession of goats this country occupies a small place, since the number on and off farms and ranges is only 2.2 per cent of the world's goats as far as known.

The ages of cattle slaughtered is shown in Table 20 of same Bulletin (1900).

TABLE 20.—*Computation of slaughtered cattle, except calves, 1900.*

Item.	Per cent.	Number.
Total slaughtered	100	12,978,000
Steers, 1 and under 2 years	13	1,687,000
Steers, 2 and under 3 years	18	2,336,000
Steers, 3 years and over	17	2,206,000
Total steers	48	6,229,000
Bulls, 1 year and over	5	649,000
Heifers, 1 and under 2 years	13	1,687,000
Cows	34	4,413,000

As to slaughter of cattle and calves this bulletin shows as follows:

CALVES AND CATTLE.

On referring to Table 23 it will be observed that the computations previously xplained in detail indicate an available slaughter of 5,831,000 calves in 1900, of ,229,000 steers, of 649,000 bulls over 1 year old, of 1,687,000 heifers, and of 4,413,000 ows. The number of cattle available for slaughter, not including calves, was 2,978,000, of which 240,000 were exported alive, so that the cattle, except calves, laughtered in this country was 12,738,000. If to this number the slaughtered calves e added, the total slaughter of cattle was 18,569,000; and if to this number we add he number exported alive we have a grand total of 18,809,000.

The total cattle received at stock yards at 54 points in the United States where acking plants are located was 13,777,196; shipments out, 6,187,004; calves, receipts. 826,552; shipments out, 421,570.

(See 22d Annual Rept., Bureau of Animal Industry, p. 292.)

(For range in prices of cattle from 1894 to 1905, see pp. 286, 287.)

Upon request for the information the Bureau of Animal Industry has furnished us statement of the hide supply of the United States as follows:

The estimated total slaughter of cattle in the United States in 1900 was about 1,500,000 head, besides 5,000,000 calves, and presumably those respective numbers f cattle hides and calfskins were produced in that year. As the foregoing figures are sed upon the estimate of the total number of cattle on hand in the United States anuary 1, 1900, of 63,500,000, including calves, and as the estimated number anuary 1, 1908, was 71,267,000, it is roughly estimated that the hide production in 07 was about 13,000,000 cattle hides and 5,500,000 calfskins. The total number of nimals slaughtered under Federal meat inspection during the fiscal year ending une 30, 1908, was 53,973,337, consisting of 7,116,275 cattle, 1,995,487 calves, 9,702,545 heep, 35,113,077 swine, and 45,953 goats.

Thus there appears slaughtered approximately 1 cattle hide to each 6 persons and calf hide to each 15 persons.

VII.

LEATHER AND MANUFACTURES OF LEATHER.

[Statistical Report—Census of Manufacturers, 1905—Department of Commerce and Labor.]

Table 7 shows for 1905 the number of establishments reporting the different kinds materials, with the quantity and cost of each kind of material used; the cost of nings and trimmings and findings, and the amount paid for fuel, rent of power and at, mill supplies, freight, and all other materials.

The number of establishments given in this table is not the number of distinct tablishments, but the number reporting the different classes of materials. Consently some establishments are counted several times. The number using pur-

chased cut soles, counters, taps, heels, etc., was the largest, 908; of these establishments, 419 used these materials to the exclusion of uncut sole leather. The number using sole leather in the side was 678; of these, 162 did not use cut soles, etc., or heads, bellies, and shoulders. The latter class of materials was used by 425 establishments, but in only 26 exclusively.

TABLE 7.—*Materials used, by kind, quantity, and cost, and number of establishments reporting each kind, 1905.*

Kind.	Number of establishments reporting.	Unit of measure.	Quantity.	Cost of materials used.
Materials used, total cost				$197,353,[illegible]
Sole leather in the side	678	Pounds	162,631,578	36,66[illegible]
Sole leather (heads, bellies, shoulders, etc.)	425	...do	42,510,899	7,57[illegible]
Split leather, finished	157	...do	10,749,526	2,04[illegible]
Rolled splits	89	...do	3,890,791	6[illegible]
Calf and kip skins	232	...do	4,240,190	2,9[illegible]
Grain and other side leather	399	Square feet	89,610,877	11,9[illegible]
Calfskins (russet, ooze, kangaroo, dongola calf, etc.).	592	...do	91,290,110	16,3[illegible]
Patent and enamel leather	692	...do	47,720,221	12,0[illegible]
Goatskins	759	...do	197,044,004	30,2[illegible]
Sheep leather used for uppers	453	...do	36,473,154	2,[illegible]
All other upper leather	459	...do	73,012,064	12,5[illegible]
Material other than leather used for uppers	210			1,95[illegible]
Linings and trimmings, all kinds				10,5[illegible]
Cut soles, counters, taps, heels, etc., purchased	908			24,14[illegible]
Findings purchased				13,0[illegible]
Fuel, rent and power and heat, mill supplies, freight, and all other materials.				11,83[illegible]

Calfskins (russet, ooze, kangaroo, dongola calf, etc.), were used by 592 establishments, of which 313 did not use calf and kip skins. Calf and kip skins were used by 232 establishments, but only 38 used them exclusively. Of 157 establishments using split leather, finished, 86 did not use rolled splits; and of 89 using rolled splits, only [illegible] did not use split leather, finished.

There are two principal classes of leather used in the manufacture of boots and shoes—leather from which soles, counters, taps, heels, etc., are made, known as sole leather, and leather from which vamps, quarters, etc., are made, known as upper leather.

The cost of sole leather in the side, heads, bellies, shoulders, etc., as reported [illegible] the census of 1905 was $44,235,050. This amount, added to the $24,143,824 paid for cut soles, counters, taps, heels, etc., purchased, makes the expenditure for sole leather $68,378,874, or 34.6 per cent of the total cost of materials.

Upper leather cost $91,552,459, or 46.4 per cent of the total cost of materials; all upper material, including material other than leather, $93,508,605, or 47.4 per cent; linings, trimmings, and findings, $23,641,647, or 12 per cent; and fuel, rent of power and heat, mill supplies, freight, and all other materials, $11,834,369, or 6 per cent.

Of upper leather, goatskin was the most largely reported in 1905. As a result [illegible] the success attending the tanning of such skins by the "chrome" process there [illegible] been put on the market a glazed kid that gives the greatest satisfaction to manufacturers. Its cost was 32.2 per cent of the cost of all upper leather. Calfskin, [illegible] and enamel and grain leather were also used to a considerable extent, but sheep and split leather were used in comparatively small quantities. A large amount is included under "all upper leather," mainly because of the inability of some manufacturers [illegible] segregate the kinds and quantities of leather purchased. "Materials other than leather used for uppers" was separately considered at this census for the first time, and 210 establishments reported an expenditure of $1,956,146 for such materials.

Table 8 shows the number of establishments reporting the different kinds of products and the quantity and value of each kind for 1900 and 1905. The number of establishments is the number reporting the various kinds of products and not the number [illegible] distinct establishments. Therefore some establishments are included several [illegible]

TABLE 8.—*Products, by kind, quantity, and value, with number of establishments reporting each kind, and per cent of increase: 1905 and 1900.*

Kind.	Number of establishments reporting.		Value.		Per cent of increase.
	1905	1900	1905	1900	
roducts, total value boots, shoes, and slippers			$320,107,458	$258,969,580	23.6
otal number of pairs			242,110,035	217,965,419	11.1
otal value			$315,987,387	$255,720,266	23.6
Men's boots and shoes	483	560			
Number of pairs			83,434,322	67,742,839	23.2
Value			$142,038,632	$108,105,938	31.4
oys' and youths' boots and shoes	299	388			
Number of pairs			21,717,236	21,030,479	3.3
Value			$24,301,298	$20,739,297	17.2
'omen's boots and shoes	464	588			
Number of pairs			69,470,876	64,972,653	6.9
Value			$98,262,016	$81,804,303	20.1
isses' and children's boots and shoes	377	551			
Number of pairs			41,416,967	41,843,202	11.0
Value			$34,056,919	$30,094,611	13.2
en's, boys', and youths' slippers	108	135			
Number of pairs			4,403,097	4,446,965	11.0
Value			$3,464,561	$2,800,213	23.7
omen's, misses', and children's slippers	236	278			
Number of pairs			13,115,194	12,645,876	3.7
Value			$10,532,271	$10,134,393	3.9
l other kinds	157	126			
Number of pairs			8,552,343	5,283,405	61.9
Value			$3,331,690	$2,041,511	63.2
l other products	122	161	$3,327,955	$2,175,738	53.0
nount received for work done for others	89	148	$792,116	$1,073,576	126.2

The reports in 1905 showed that 24,144,616 more pairs of boots, shoes, and slippers re made in the United States than in 1900, a gain of 11.1 per cent; the value in-eased $60,267,121, or 23.6 per cent. The greatest increase was in the manufacture men's boots and shoes, the increase being 15,691,483 pairs, or 23.2 per cent, and 3,932,694 in value, or 31.4 per cent. Boys' and youths' shoes increased but 686,757 irs, or 3.3 per cent, while the value increased $3,562,001, or 17.2 per cent. The mber of pairs of women's shoes manufactured increased 4,498,223, or 6.9 per cent, d the value $16,457,713, or 20.1 per cent. There was a decrease in number of sses' and children's shoes manufactured of 426,235 pairs, or 1 per cent, but an rease in value of $3,962,308, or 13.2 per cent. The manufacture of slippers was reased to the extent of 425,450 pairs, or 2.5 per cent, and $1,062,226 in value, or per cent. For "all other kinds," which includes infants' shoes, moccasins, letic, and bathing shoes, etc., an increase of 3,268,938 pairs, or 61.9 per cent, and 290,179 in value, or 63.2 per cent, is shown. Instances of decreases and small reases in quantity which appear in the table are attributed to slight changes in sification, which resulted in swelling the total of "all other kinds" in 1905, thus sing the large increase in that item.

It is plain from the foregoing that the amount of cattle leather in shoes is so small pair that the difference in cost of shoes per pair on the average is so small that the sumer will not get any of it.

If we take the total leather, a pair of heavy shoes at 3 pounds, which is above the rage, and assume that cured hides make an average of 63 per cent leather and is rth 11 cents per pound for the hide, the weight of hide would be 4.8 pounds at cents, equal 52.8 cents, duty 15 per cent, equal 7.9 cents, or 2.64 cents per pound cattle hide in a pair of shoes.

Now, the per cent of heavy shoes to the total is very small, and considering the cent of sole leather used, and the fact that it will probably run as low as one-half nd, and average for all shoes probably 1½ pounds, it will be seen that the average erence in the cost of shoes per pair will not be more than 3 or 4 cents.

This seems to be borne out by the evidence before the committee. Now, look at fluctuations in the price of hides and leather for ten years of the tariff, and observe t every year, for the entire period, cattle hides fluctuated in price between the h and low levels, 15 per cent or more, and leather from 6 to 10 per cent or more, apparently with the price of hides, and it will at once be seen that it would be possible for the shoe manufacturer of shoes and leather to take care of this 3 or 4

cents per pair of shoes. What those fluctuations would have been with free hides there would be no way of telling.

The price of leather to the shoe manufacturer must be high enough to take care of the fluctuations in hides and leather, and the shoe manufacturer must put his price high enough to take care of the fluctuations in leather, which would swallow up the 3 or 4 cents. And this, assuming an active competition in both shoe and leather manufactures, which is doubtless more imaginary than real, so far as price to the consumer is concerned. Then comes the fluctuation in shoes sold to the retailer which he takes care of in his retail selling price, even where not a dictated price fixed by the manufacturer.

Puzzle: Find the 3 or 4 cents.

Key to the puzzle: Don't look for it in the pocket of the consumer.

Hence the sophistry of the argument that the 15 per cent on hides affects the price of shoes to the consumer.

Stock raisers and farmers think it worth an average of about $1 per head in the intrinsic value of their cattle, and that when the stock raiser of South America brings his hides here for sale this tax of 15 per cent is reasonable, and that it doesn't cost the consumer of shoes a cent. They want equality before the law, and pray this committee to leave the duty on cattle hides in order that the product of our farms have the benefit of the home market.

[Taken from Statistical Abstract, Commerce and Labor, for 1907.]

Year.	Milch cows.		Other cattle.		Total number.	Total val[illegible]
	Number.	Value.	Number.	Value.		
1897	15,941,727	$369,239,993	30,508,408	$507,929,421	46,450,135	[illegible]
1901	16,833,657	505,093,077	45,500,213	906,644,003	62,333,870	[illegible]
1906	19,793,866	582,788,592	47,067,656	746,171,709	66,861,522	[illegible]
1908	21,194,000	650,057,000	50,073,000	845,938,000	71,267,000	[illegible]

Does not this show that we can produce very nearly, if not quite, all the cattle hides needed for home consumption?

Mr. Cowan. I also desire to introduce the brief itself that Judge Rucker and I filed. It is a very short brief on meats.

The Chairman. It may be inserted.

Mr. Cowan. It was not until 1842, when the so-called Whig tariff act was placed upon the statute books, that a duty was imposed upon hides, and this duty in various forms, sometimes ad valorem and sometimes specific, was continued until the enactment of the Payne-Aldrich Act in 1909. During the hearings on that measure before the Ways and Means Committee the principal arguments made by the representatives of the tanners and the shoe manufacturers were based upon the assertion that free hides would result in a material reduction in the cost of boots and shoes, saddlery, and similar articles manufactured from leather to the consumer.

Statistics are unnecessary to prove to you, Mr. Chairman and members of this committee, that the promise of the shoe men and their associates has not been carried out. We make the assertion that there has never been a time since the Payne-Aldrich Act went into effect in 1909 that the consumer has been benefited to the extent of one cent, but on the contrary the shoe manufacturers, the manufacturers of harness, the manufacturers of traveling bags, and of brief cases, and the manufacturers of every other commodity of which leather is the component part of chief value has exacted from the consumer every dollar that the traffic would stand.

One need not go outside of the city of Washington to ascertain the ıth of this assertion. Within ten blocks of this committee room, Pennsylvania Avenue, there are a half dozen shoe stores. These ɔres are of the chain variety, and most of them are conducted by e representatives of the big advertising shoe manufacturers. Up ıtil the outbreak of the World War and, for that matter, for a year so after that the shoes of these manufacturers were advertised a retail price which was stamped on the bottom, and those prices ıre maintained in every city of the country where these establishɘnts were represented. The shoes of the same grade are still in istence, the same manufacturers are still advertising, but the shoes e sold at from 50 per cent to 100 per cent more than they were sold r five years ago, and during all this time hides have been free.

It is true that the price of hides has fluctuated and that during the orld War they reached such prices as they had never reached fore, in spite of the free importations under the free clause of the ıyne-Aldrich Act. But during the last year hides touched a point ı the opposite side of the scale and prices were down so low last inter that there was absolutely no market for them. It is even ported that one cowman in the Southwest hauled a two-horse agonload of dry hides to market which he exchanged for a set of ırness, and in spite of the fact that his team was loaded with all ıe hides they could haul he found that his load was several hundred ɔunds short of being sufficient to pay for the harness.

A few months ago an Iowa farmer is reported to have taken 14 ılfskins to a general store, which he wished to exchange for supplies, ıd he found that his 14 calfskins were valued at $1.45 less than the ıir of shoes which he obtained in exchange.

There has recently been extensively circulated in the form of ropaganda in the interests of shoe manufacturers and tanners a amphlet in which the statement is made that during the fiscal year ıded June 30, 1921, cattle hides to the value of $40,000,000, in round gures, were imported into the United States. The pamphlet says ıat the Summary of Foreign Commerce, issued by the Bureau of oreign and Domestic Commerce of the Department of Commerce, ɦows "that we exported foodstuffs to many foreign countries, includıg countries from which hides were imported, foodstuffs in crude ondition and food animals to the value of nearly a thousand million ollars, and foodstuffs partly or wholly manufactured to the value of 779,000,000." Note in this statement that the compiler of this amphlet calls attention to the fact that these foodstuffs were shipped broad, "including countries from which hides were imported." he inference naturally is that the compiler of this interesting docuɘent desires to impress the committee with the idea that the products f American farmers find their way into the countries from which we mport hides. It would be difficult for this special pleader to show herein hides from Argentina, Brazil, Paraguay, and Uruguay, from hich the large percentage of imported hides come, were paid for by he shipment of American farm produce.

The same advocates insist upon reiterating the assertion that the luty on hides is added to the cost of leather and leather goods, and hat the farmer and stock raiser secure absolutely no benefit from

the increased value of the hide upon the animals which they shi to market. It is true that the condition of a meat animal is th principal means of valuation when that animal reaches the live stock market, but it is also true that the condition of the hide ha a direct bearing upon the price of the animal. Every stockma knows that a steer whose hide is branded so that part of it is valu less for high-grade leather will not bring as much in the market a native steer bearing no brand whatever upon his hide, even thoug in other respects the two animals may be identical as to formatic and condition.

Every stock-yards buyer is an expert in his business and wh he buys he is posted on the leather market as he is on the mark for meat; and when hides are worth 40 cents a pound, as they we for a brief period during the World War, the steer will bring a bigg price than it brings to-day when hides are down below 12 cents pound. It is a rather peculiar position which the advocates of fr hides assume when they declare that the duty on shoes does n increase the cost to the consumer, but that a duty on hides do increase the cost to the consumer.

Reference to the brief filed by Judge Rucker of Colorado, in beh of the American National Live Stock Association and others during t hearings on the pending bill before the Ways and Means Committ (see Part V, p. 3722 et seq.) is made for the purpose of calling t attention of the committee to the brief history of a tariff upon hid beginning with 1842. Therein it is pointed out that from 1½ 2 pounds of dry hide is required to furnish the leather for the av age pair of men's shoes and that the tariff upon this portion o pair of shoes at the rate of 15 cents per pound would not exceed cents at the utmost. Purchaser of shoes would scarcely compl even if he knew that he was to pay this charge, and certainly farmer and the stockman would be the last to raise a protest agai this protection which he would have through the duty on hides against the producer of Mexico and South America.

All the arguments submitted in which it is attempted to show t the imposition of a duty upon hides will not benefit the farmer advanced not by farmers or the representatives of farmers, not the cattlemen or the representatives of cattlemen, but by th who are directly interested in reducing the cost of raw material themselves. These gentlemen have appeared time after time have insisted that the removal of duty would benefit the consu by reducing the price of all manufactures of leather.

We have had 10 years of free hides as the result of the argume of these interested manufacturers and their representatives. Du that time the price of hides alone has fallen, except for a brief pe during the war. On the other hand, the price of shoes, the pric harness, the price of saddlery, the price of hand bags, and the p of brief cases have all advanced continuously. Shoes and harness apparently among the last things to return to that "normalcy" which we hear so much to-day. In spite of the general business pression the manufacturers of shoes and harness are certainly i nitely more prosperous than the men on the farms and ranges have raised the cattle whose hides must compete with the produ the pampas and the ranges of Mexico and the great cattle-raising co

ries to the south of us. No industry of this country is suffering o-day to the extent that prevails among the cattlemen of the Southwest. A 20 per cent duty on hides is not much to ask, and we come ere firmly in the belief that even this small sop will aid somewhat oward recovering from the frightful depression resulting in part from he outcome of the war, but more largely from the elemental conditions through which we have struggled during the past few years. High prices of feed, combined with almost continuous drought and he free importation of hides, have brought to the verge of ruin the ntire stock-raising industry.

The remarks I made before this committee in 1911—of which you ave the print here, and there are copies available—I think was rdered to be printed as a public document.

The brief of A. W. Rucker on hides, that was filed before the Ways nd Means Committee, is a typewritten statement that I think conains his statements on that, which I will also hand in.

To the Committee on Ways and Means:

Hides were free until 1842, when the Whig tariff made them dutiable at 5 per cent d valorem. This was continued in the Walker (Democratic) tariff of 1846. The uty was reduced to 4 per cent in 1857, and restored to 5 per cent in the Merrill tariff f 1861; raised to 10 per cent later that year and so continued until 1872, when hides were placed on the free list. There they remained until 1892, when a duty of 1½ cents a pound was imposed. A duty of 15 per cent was substituted by the Dingley aw of 1897, which remained in effect until the enactment of the Payne-Aldrich bill n 1909. For 59 years out of the 79, therefore, hides were on the dutiable list. In 10 years under the Payne-Aldrich free list, i. e., from 1911 to 1920, inclusive, the total mportations of foreign hides into the United States were valued at $888,000,000. Had a duty been imposed upon this vast product of the herds of the surplus producing countries, a tariff of 15 per cent would have produced $133,000,000 of revenue, or upwards of $13,000,000 per annum.

It is claimed that a duty on shoes does not increase the cost to the consumer. This must rest upon the fact that the imports of shoes is negligible, yet we all remember that such a claim was the stock in trade of the manufacturer when he thought that the hide question was buried beyond resurrection. The targets for the artillery of the manufacturer and independent tanner now are the packers and producers of cattle. It is contended by the manufacturer that he and the tanner must have 40 or 45 per cent of foreign hides to enable the tanner to carry on his business and the manufacturer to continue in the export trade, that in addition to the duties sought to be imposed they are seriously handicapped by the packers' exorbitant charges to the tanner, and incidentally they make a strong plea for the pending packer legislation.

In this connection it is interesting to note the colloquy between the leading representatives of the shoe manufacturers and independent tanners and Representative Garner, a member of this committee, on the 11th of this month.

From that it appears that the manufacturers and the tanners would cease their opposition to the proposed duty if the wings of the packers were clipped as provided in the proposed legislation in question. We believe this committee should view with less concern the demands of the manufacturers and independent tanners, since their complaint is chiefly leveled at the packers and other home industries, whereas our relief must come solely from a duty levied upon foreign products.

But let us assume that the proposed packer legislation will not intervene to remove the objections. Then we are relegated to their original claim that they can not exist if the duty is levied and the packer is allowed to take his toll. Well, we have seen that they are still alive, that they have survived over that period when there was a duty and when there were packers, and they increased the number of their establishments, employed more men, increased their exports, and enjoyed immense profits, and in the abundance of their generosity increased the cost of their product to the consumer.

During the 12 years preceding the enactment of the Payne-Aldrich law, which placed hides upon the free list, our exports of boots and shoes increased from $1,500,000 to $11,500,000, or 798 per cent. During the same 12 years our imports of boots and shoes increased from $43,000 to $164,500. In other words, during that period our exports exceeded our imports by 700 per cent. The imported boots and shoes during

that period when a duty remained on hides represented one two-hundred-thousandth part of the total value of the boots and shoes manufactured in this country. As was stated by one of the signers of our brief in the House of Representatives in July, 1909:

"In the face of this showing, the boot and shoe manufacturers need not fear the foreign competition; and still they want a duty to protect them from foreign competition while at the same time denying any sort of protection to the hides of the cattleman."

History repeats itself—the same crowd of philanthropists are here to-day, playing on the same single-stringed instrument that they used 12 years ago.

In 1909 the same lobby told the same story to the Ways and Means Committee of the House when they asserted that the packers would drive the tanners, as well as themselves, out of business if hides were not placed upon the free list. They claimed then, as they claim now, that the meat packers' trust controls the great majority of the hides in this country. In answer to this contention, attention is called to the report of the Bureau of the Census of the Department of Commerce, to the effect that on November 30 last, there were on hand, in round figures, 12,000,000 cattle, kip, and calf hides, of which virtually 50 per cent were either domestic country hides or foreign hides.

A similar report from the Bureau of Markets of the Department of Agriculture showed that during the fiscal year which ended June 30, 1920, the average number of hides produced in this country outside of the packing houses ran from 20 to 2[illegible] per cent of the total number of hides produced. The same report shows that during the same period foreign hides imported equaled from 28 to 47 per cent of the total number of hides produced in this country.

With this evidence before us, one will not necessarily tremble with anxiety lest the hands of the landlords of the Washington hotels will be heavily laid upon the baggage of any of these representatives of the shoe industry for their board bill. Nor need we make extensive drafts upon our sympathies for the independent tanner, because it is not true that the packers have closed the markets for hides as is claimed. In addition to what we have already said, there is that great reservoir, country hides, which they can draw from, as well as the surplus which is always on hand obtainable from the packers. That is not all, for, as we pointed out in our statement to the committee, the abundant surplus in the competing countries overseas, coupled with their low cost of production, will afford another and limitless market to draw from, even though the proposed duty should be much higher than we ask.

Tracing back to 1908, we find that the total value of hides (including buffalo hides) imported that year was $12,000,000. Following the figures in the Statistical Abstract, it is seen that in the fiscal year 1910—which was the first year under the law allowing free importation—the value of hides imported leaped to $46,000,000. The minimum of importations since the enactment of the Payne-Aldrich tariff was reached in 1913, in which year the valuation of importations fell to $41,000,000. The maximum, $125,000,000, was reached in the fiscal year ending June 30, 1919. In spite of a glutted market following the close of the World War, the importations for the year which ended June 30, 1920, reached the total of $104,000,000.

Against these importations of the raw hides the Statistical Abstract shows that in the year 1908 the total exports of all leathers and leather goods, including boots and shoes, were valued at $45,000,000. The peak was reached in the fiscal year ended June 30, 1919, with total exportations of leather and leather goods to the value of $303,000,000. This total fell to $200,000,000 during the year which ended with the month of June, 1920. It may be argued that these figures include the value of goods made from skins and hides other than those of cattle. While this is true, attention is directed to the fact that in the fiscal year 1919 exports of belting, sole leather, and upper leathers made from cattle hides reached the total of $104,000,000, while during the same period boots and shoes, made largely from cattle hides, were exported to the value of $78,000,000. It is safe to deduce from these figures that the total value of the leathers manufactured from cattle hides exported in 1919 at least equaled the value of the cattle hides imported during the same year.

It is seriously contended by the advocates of free hides that the cattle grower will not receive any protection from this proposed duty. The stockmen of the West have not constituted these leather trusts and boot and shoe men their guardians to say what is best for their interests. As a class, the stockmen are broadminded, intelligent, and capable, and when they assert, as they do, that the duty on hides does affect the price of their steers, they are, as the real parties at interest, entitled to first consideration. A large percentage of all range cattle are branded. Anything that injures the hide reduces the value of the animal wearing that hide. This can readily

iderstood if one will glance at the reports of the hide and leather journals and market iblications generally, which give quotations upon live stock, meats, meat products, id by-products from all sorts of food animals. It will be found that branded steer des are invariably quoted at from one to several cents per pound under the price those not branded. Furthermore, the cow and bull hides are never as valuable the market as steer hides. Therefore, it follows that the animal whose carcass is vered with a better hide is of more value to the buyer than the others mentioned. ll hide values depend upon size, sex, and condition.

The stockman contends that the value of the hide is a most important factor in e market value of his live stock. It is presumed that the country will soon return normal conditions. When that time comes the hides of cattle, which average from to 7½ per cent of the total live weight of the animal, the per pound value of the hide ill be double that of the per pound value of the animal, making the total value the hides 13 to 15½ per cent of the gross value of the animal. Hence it will be seen at the producer of the hide, if this duty is levied, will receive approximately from .50 to $2.50 protection. There are more than 10,000 people actually engaged in e live-stock business exclusively, with 6,000,000 farmers and dairymen engaged cattle raising to a larger or smaller extent. It is for these 6,000,000 farmers and irymen and the 10,000 stockmen for whom we ask this protection, and we contend at those for whom we make this plea are as much entitled to consideration as the ot and shoe manufacturers and independent tanners, whom they outnumber 20 1.

CONSUMERS.

Assuming that the country will return to normal conditions in the near future ese estimates will serve to maintain our position:.

From 1½ to 2 pounds of dry hide will be required to furnish the leather for an erage pair of men's shoes. The average value of 1 pound of raw hide is in the ighborhood of 15 cents. The duty on a pound of raw hide, assuming it to be valued 15 cents and the duty to be 15 per cent, would be about 2¼ cents, and for 2 pounds cents. In other words, the amount of the hide duty on an average pair of shoes ould range from 2 to 4½ cents. Compared with a large benefit to a great population gaged in one of the basic industries of the country—assuming that this whole amount ould be paid by the wearer of the shoes—it is so insignificant that the wearers of the oes have never been and never will be heard to complain. But, as a matter of fact, can not be shown that this 4 cents has ever been added to the price of a pair of oes during the period when a duty was exacted on the importation of foreign hides, id certainly it can not be shown that 4 cents or any fraction thereof has been subcted from that price since hides have been on the free list.

Assuming that the importation of hides will continue at the average of importation ring the past 10 years, and that a duty of 15 per cent will be placed upon those des, then the revenue received by the Government from this source will amount $13,000,000 per annum. Based upon the exports of leather boots and shoes manutured from imported hides, the drawback allowed—if that drawback is to be conued in the new tariff—would amount to about one-fourth of the import duties, or, round figures, $3,000,000 per annum. If we allow two pair of shoes per annum for ery man, woman, and child in the United States, which admittedly is a liberal timate, and if we consider that the imposition of an import duty would increase the st of these shoes by the whole amount of duty upon the proportion of the hide tering into the manufacture of these shoes, or 4 cents per pair, the total tax per pita would be only 8 cents per annum, or an aggregate of $8,480,000 for the 106,000,000 habitants of the United States, leaving a balance of more than $1,500,000 per annum revenue after the drawback is allowed and the consumer of the shoes has paid the x.

The total absence of any solicitude on the part of the manufacturer toward the nsumer of his product evidenced by the prices exacted in dollars is in painful ntrast with that manifested toward them on account of the few pennies collected contribute toward sustaining a great and absolutely necessary industry of this untry.

SHEEP PELTS.

The reasons given for a duty on cattle hides apply with equal force for a duty on sheep pelts, and therefore we deem it unnecessary to make a special argument covering that branch of the live-stock industry.

The American National Live Stock Association, The Cattle Raisers' Association of Texas, The National Wool Growers' Association, The Corn Belt Meat Producers' Association of Iowa, The Kansas Live Stock Association, The Colorado Live Stock Association, and all other live stock producing interests.

To the Committee on Ways and Means:

At the oral hearing before this committee on January 25 leave to file this brief on behalf of the live-stock interests was granted by the committee.

We have prepared the brief from the best available data obtainable within the time afforded, condensing and excerpting from official statistical and other reports by condensing the illustrative points, making reference to the source of the information. The data are to be found in the documents referred to, so that those desiring to do so may examine into the more comprehensive statements in support of the propositions here presented.

The oral statements and arguments of S. H. Cowan, J. H. Mercer, and A. W. Rucker were presented on the 25th day of January, before the full committee and printed in its proceedings, to which reference is here made.

As other data and compilations may be available so as to afford opportunity for collecting and presenting additional facts, we desire now to reserve the right, if the committee will so order, to file a supplemental brief in addition to what we here present, at as early a date as can be done and within such time as the committee may fix. We are led to make this request because, after being notified of the fact that the committee would hold the hearing referred to, it was impossible to prepare and present a brief before the oral argument and because we expect to be able to present facts in addition to those contained in this brief for the further information of the committee.

We have not been able to assemble the data as to hides but will present a supplement on that item.

We propose a tariff on frozen and refrigerated fresh beef and mutton of 20 per cent ad valorem with a minimum of 4 cents per pound, as essential to the continued production of meat animals in the United States to supply the consumption and to assure a home market for the same, which is absolutely and undeniably essential to the prosperity of farming and stock raising. We are not dealing with normal conditions nor can they soon be restored; and they can not be restored at all without protecting the American stock raisers and farmers in the preference to the home market for consumption of meat food products and particularly beef and mutton, and in addition to that (which is presently most urgent) the other animal food products, wool, hides, including mohair and pelts. We insist that when the fire is burning it must be put out and then consider preventive measures against the recurrence, instead of devoting first our efforts to provide the permanent remedy that may be made to fit normal conditions not now in sight. First aid to the injured and burial of the dead is the first duty of the people's representatives for the salvation of the survivors.

To our view, and it is imperative, the remedy must relate directly and immediately to existing conditions, which if continued must grow worse.

Who shall furnish our meat and bread? Shall it be from the toil and industry of Americans, who should be afforded an opportunity for modest profits, or by foreign production that impoverishes our own overburdened producers? The consumer is as much interested as is the producer. There are not two classes, producers and consumers, in considering these great economic problems lying at the very foundation that supports the superstructure on which the prosperity and development of the country rests. All producers in the workshop or in the fields are consumers and spend their money derived from their industry for what they require, and the bankers, merchants, traders, and professions are always dependent on the basic business of the country, sharing in its prosperity or adversity, in the long run. We can't reason with the man so selfish as not to favor home production to the extent of affording opportunity for a fair profit to the producer on the basis of "live and let live" and progress as the watchword. At the outset let it be understood, and let that understanding be maintained throughout, that the meat products are not supplied by the producers, nor do they possess the possibility of fixing the price to the consumer.

ey have nothing to say as to the price received for live animals sold by them for ughter. Neither is there competition from abroad in the importation and sale of ats. Is there any class of people in this country, which, under existing conditions, th any feeling for the country's good and prosperity, would hesitate to say that nerican stock raisers and farmers shall have a fair preference in the home markets consumption?

In the assurance to the people of this country that a bounteous supply of the best ats will be produced at home and the money kept here, and the stock raiser and mer have a fair return for their labor and industry, lies the foundation of the Na- n's wealth and prosperity. The same manufacturers, the American packers, nish the meat supply and have the means of transporting and handling the fresh ats, without competition with others of substantial sort. In this it is wholly dif- ent from other commerce. The American meat packers undeniably control the ports and imports of frozen and refrigerated beef and mutton and exclusively carry that business for this country, and they did that both when there was a tariff and en these products could come in free of duty. There is no use, therefore, to in- lge in speculation as to any possibilities of it being otherwise. You are dealing with ings, not fancies, and the live-stock producers are facing facts and not theories, d these facts are to-day ruinous. We are not posing as advisors of the packers; ey do not need it, nor has the stock owner the vanity to suppose that he knows how operate or direct the operation of so great a business, but it may be here stated that eir greatest asset is the supply of live stock sufficient to meet the consumption of is country to be here produced, manufactured, and sold. Whether they do or do t desire to have our markets available free of duty for dumping the suplus of their ants in other parts of the world, when other markets for the products are less desir- le or less profitable than ours, the power to do it is a constant menace to the pro- cer here who can not meet the cost of production of other surplus-producing coun- ies, subjecting the stock raisers here to the lowest level of prices, which under free de is entirely in the American packers' control. Without a substantial tariff to otect this home industry the increase in importations wholly at the will of the merican packers, will grow as the profits in the same stimulate the importation, til at last this country would be dependent on the foreign production for its meat pply, just to the extent that the American packer may make it. This is no pipe eam; it is the inevitable result without the relief we demand. But let us suppose at under world conditions to-day the American packers do not desire, that is to y, it would not be a profitable policy to dump the foreign meats into this market take the place of what we produce. Is it not true that if our markets are available d desirable, others would engage in such importations and so divide the trade that ntinued low prices for live stock and the hopeless condition would exist to destroy e live-stock producer? Once that condition, which stares us in the face, arises, e consumer, so called, would be worse off as time should go on till the lessened pro- uction here and the control by a few concerns of the trade would keep up the prices the consumer to the highest level. Remember, you can not plant a crop of eers to raise for meat and increase or decrease production as you will. Once ut out of the business the producer would be a fool to go back in. Therefore, even om the packers' viewpoint (and we have no information as to what that may be) e tariff which we propose would not work an injury to them in the long run.

It follows that producers, consumers, packers and all others have in this matter like interest, differing perhaps only in degree.

Then there is the general public interest in the development of the country and the rtification of the soil, which it is universally known must be kept up by live stock it must disappear; and finally with it the production of grain much reduced, till, ith rapidly increasing population, we will produce less bread than we consume. hen that day comes poverty will have overtaken us. No one can be hurt and every e entitled to it will be the recipient of the benefits of the tariff we propose.

The stimulus of the war upon the production of live stock and meats naturally llowed the increased prices and profits where conditions and cost of production d their effect. But for that, beginning as it did almost concurrently with the free de in meats, the production of live stock in this country sufficient for the country's eds would not to-day exist. The extension of the operations of the American packers the surplus-producing countries, where production was cheaper, was growing and continued to grow during the war. When the war ceased and European demands ere to be supplied but in far less amount, the trade was turned to our markets, not used by extensive commercial opportunities, but solely by the American packers a use for what could not be sold more profitably elsewhere. For example, the exports

of fresh beef were 480,179,681 pounds during the first 11 months of 1918, the last ye of the war, but fell to 88,101,986 pounds for the 11 months of 1920.

Labor and cost of the use of land, the cost of feed and every item of supplies an materials, the cost of transportation and of marketing has not in this country be reduced, but, upon the whole, increased, with no prospect of soon being reduced, wi the single exception of feedstuffs, and even that is more apparent than real, becau of the cost of producing and cost of transportation and handling.

So that our cost of production of beef and mutton is enormously greater than in a other surplus-producing countries, as it must continue to be until only the most fav ably situated producer can remain in business, with our total production reduced below our consumption. With that condition the control of the price to the consum necessarily must rest with the importer. The fact that the surplus trade has been rapidly turned to this country and the fact that right here in the city of Washingt at this time New Zealand frozen lamb is sold at a price of 7 cents below Ameri refrigerated lamb by the same packers handling both through their cooling and stor houses, proves far more as to the difference in cost of production than statistics or oth evidence available; indeed, dispenses with the necessity of further proof for the pu poses of convincing a man of common sense of the exigency that calls for all the rel we demand. The available facts as to cost of production relating alone to the cost labor and grazing is amply sufficient. We submit elsewhere statements.

It has been asked whether or not the imposing of a tariff upon the food produ which come into competition with the products of the United States increases the c to the consumer. Partly in answer to this, the facts do not bear out the idea that tariff duty is borne by the consumer but that it simply acts as a protection agai the flooding of the market with foreign produce, and to bear out this reasoning committee may take the wholesale price of beef in the spring of 1911, as shown by published reports of Swift & Co. in the daily newspapers of Washington and which printed in the hearings on House bill 4413, sixty-second Congress, first session be the Ways and Means Committee, May 15 and 16, 1921. Those figures show that spread of wholesale price on dressed beef in the city of Washington ranged between cents per pound on the 30th day of April, 1910, to 8.92 cents per pound on the day of April, 1911, and this under a tariff of 1½ cents per pound. Intermedi prices arose from 1914 until 1920 from the same source, namely, the newspapers lished in the city of Washington, the spread of wholesale price of beef from April to December 24, 1920, shows a range of from 13.49 cents per pound to 25.57 cents pound during which period meats could be imported free of duty, and were so import and this 18 months after the armistice was signed so that the war demand could have affected the prices. It does not appear that the retail price, of which we all aware, follows the wholesale price. As a matter of common knowledge, it does

PRODUCTION, EXPORTS, AND IMPORTS OF MEAT ANIMALS AND MEATS.

There are no means available by which an absolutely accurate statement total slaughter of meat animals in the United States can be ascertained for the that in many communities, especially in the rural districts and in small villag farmer and the local butcher slaughter animals from time to time of which no r whatever is kept, but the Department of Agriculture, Bureau of Animal Indu has published tables from time to time giving the total number of animals tered as estimated by the bureau office. One of these is entitled "United Meat Production," etc. Calendar years 1914 to 1919. From Table No. 1 pamphlet it would appear that in 1914 there was slaughtered a total of 11, cattle, of which 61 per cent were inspected by the Federal authorities. In the year the slaughter of calves amounted to 4,661,400 head; sheep and lambs, 18,40 and goats, 499,000. Compared with these figures the report shows in 1919, the available, the total slaughter as follows: Cattle, 13,635,100; calves, 9,041,0 and lambs, 16,460,600; and goats, 247,500.

Table 3 of the pamphlet on meat production from which the above figures are shows that the total pounds of beef, mutton, and lamb (including goats) sla in 1914 was 6,811,041,000, compared to the total of 7,056,892,000 pounds in 1

The meat production in the surplus-producing countries—Australia, South A ica, and South Africa—can not be ascertained except as reflected by the live produced and exports of meats.

In 1914 our total export of pickled, fresh, and canned beef, veal, mutton lamb (including goats, which is negligible) was 89,803,753 pounds, which in creased in 1915 to 379,790,966 pounds, and the peak of the exports of these ducts was reached in 1918, when the aggregate was 701,627,527 pounds. In

the last year for which full reports are available, exports fell to 273,971,892 pounds. From the same source (Table No.4) it is shown that in 1914 the United States imported a total of 274,076,922 pounds of fresh beef, veal, and mutton (reexports not included) and that in 1919 the total imports had fallen to 45,266,059 pounds, exclusive of reexports. In the year 1920 the total imports of meat into the United States exceeded by 40,000,000 pounds the combined export of American meats and foreign meat products reexported according to the information furnished us by the Tariff Commission.

The Bureau of Markets of the Department of Agriculture reports that 58,725,460 pounds of imported beef were inspected by the Bureau of Animal Industry during the calendar year of 1920.

During the year 1920 there was imported and inspected by the Bureau of Animal Industry 102,441,737 pounds of mutton and lamb as against 8,472,110 pounds of mutton and lamb imported and inspected during the calendar year of 1919.

Inquiry at the office of one of the wholesale establishments in the city of Washington indicates that the price of New Zealand frozen lamb is on the average of 7 cents per pound lower than the price received for American dressed lamb carcasses.

It is most significant, and to live stock producers an alarming fact, that after the war, which afforded a market for all live stock products regardless of free trade, and kept out imports from this country, that immediately when the war was over our exports fell so rapidly that in two years we have so changed that our imports of meats exceed our exports, and if continued, as it will be under free trade, in rapidly increasing volume, our live stock industry will soon be ruined.

It is not a political question. Plainly it is a question of producing our own meats or buying them from our packers imported from their plants in other countries.

This brings out in bold relief that the consumer is as vitally interested in our home production as is the producer.

The Bureau of Markets furnishes us the information that the amount of frozen domestic lamb and mutton in storage January 1, 1920, was 10,289,780 pounds. One year later, or on January 5, 1921, there was in storage 82,000,000 pounds, while the greatest supply of frozen lamb and mutton in storage previous to 1920 was 12,500,000 pounds. From this source it was learned that there were imported into the United States on the fifth day of January, 1921, on the steamships *Kent* and *Lietrim*, 270,262 carcasses of lamb and mutton, having a total weight of 13,875,032 pounds; also, that three more cargoes are en route to United States ports.

We submit the following tables showing the production of meat animals, and exports and imports by countries, for the purpose of showing to the committee the world trade as it relates to the competitive production and marketing in the United States; exports from the United States to foreign countries, and from foreign countries to the United States. The object is to supplement the argument presented that the indisputable fact, as shown by the actual figures as nearly as they can be ascertained, that, unless there is imposed a sufficient tariff to prevent it, the United States will cease in the course of a comparatively short time to produce the meats which it consumes and will be a consumer of the surplus products of the foreign countries which produce a much larger proportionate surplus, as related to the population of such countries, than is produced in the United States. The surplus which will be imported from other countries and sold in this country will necessarily take the place of the home production and reduce the price level, should it be desired by the importers of the carcasses imported, to such figure as to keep down the value of the home production, which must inevitably lead to a continual decline in production.

At the risk of repetition of what was presented in our oral statements and submitted elsewhere in this brief, we desire to call attention at this point to the fact that the United States now has 640 cattle and 345 sheep per thousand of population, whereas the other surplus producing countries have the following: Argentina, 3,120 cattle and 5,450 sheep; Australia, 2,220 cattle and 16,100 sheep; New Zealand, 2,490 cattle and 22,110 sheep; Canada 1,200 cattle and 380 sheep; Paraguay, 5,280 cattle and 600 sheep; and Chile, 500 cattle and 1,180 sheep, per thousand of population.

The cost of production in the countries named, as shown in the part of this brief under that heading, is so much less than in the United States that there is no comparison, and no tariff short of an embargo could be made to equal the difference.

The remarks submitted here in connection with the tables which follow emphasize the correctness of the conclusions in the foregoing argument as demonstrated by these tables, which are the most reliable data obtainable. The tables are as follows:

Live-stock estimates for the United States as of Jan. 1, 1910–1921.

[000 omitted.]

Year.	Cattle and calves.		All cattle.	Sheep.	Swine
	Milk cows.	Other cattle.			
	Number.	*Number.*	*Number.*	*Number.*	*Number.*
1910 [1]	20,625	41,178	61,803	52,448	[illegible]
1911	20,823	39,679	60,502	53,633	[illegible]
1912	20,699	37,260	57,959	52,362	[illegible]
1913	20,497	36,030	56,527	51,482	[illegible]
1914	20,737	35,855	56,592	49,719	[illegible]
1915	21,262	37,067	58,329	49,956	[illegible]
1916	22,108	39,812	61,920	48,625	[illegible]
1917	22,894	41,689	64,583	47,616	[illegible]
1918	23,310	44,112	67,422	48,603	[illegible]
1919	23,475	45,085	68,560	48,866	[illegible]
1920	23,619	44,750	68,369	47,114	[illegible]
1921 [2]	23,321	42,870	66,211	45,067	[illegible]

[1] Census report Apr. 15, 1910.
[2] Estimate Bureau of Crop Estimates, released Feb. 1, 1921.

Population 1910, 91,972,266; 1920, 105,683,108.

Receipts and disposition of live stock at all public stock yards for 5 years.

[12 months ending Dec. 31.]

Year.	Receipts.	Local slaughter.	Stockers and feeders.
Cattle and calves:			
1916	17,654,031	10,457,889	[illegible]
1917	23,148,726	13,358,173	[illegible]
1918	25,391,544	14,971,186	[illegible]
1919	24,704,346	13,713,628	[illegible]
1920	22,097,589	12,811,844	[illegible]
Hogs:			
1916	43,265,224	31,175,312	[illegible]
1917	38,443,360	25,841,853	[illegible]
1918	45,390,220	30,968,066	[illegible]
1919	45,035,949	30,584,250	[illegible]
1920	41,949,741	26,741,180	[illegible]
Sheep:			
1916	20,691,665	11,498,477	[illegible]
1917	20,222,225	9,147,810	[illegible]
1918	22,491,847	10,273,136	[illegible]
1919	27,261,876	12,651,803	[illegible]
1920	23,470,199	10,979,516	[illegible]

Meats frozen and cured in 1920 and 1919 as reported by slaughterers and cold-storage warehousemen.

	1920	1919
	Pounds.	*Pounds.*
Beef, frozen	193,776,741	[illegible]
Beef placed in cure	104,888,671	[illegible]
Lamb and mutton frozen	23,637,836	[illegible]
Pork frozen	492,514,629	[illegible]
Pork placed in dry salt cure	1,033,435,066	[illegible]
Pork placed in pickle cure	1,715,561,506	[illegible]
Lard produced	1,251,567,529	[illegible]
Beef frozen and cured	298,665,412	[illegible]
Pork frozen and cured, including lard	4,493,078,730	[illegible]
Decrease in beef	410,626,732	....
Decrease in pork	439,699,753	....
Increase in lamb and mutton	20,973,165	....

Full data as to the production of meat and meat-food animals in the countries producing a surplus are of necessity incomplete, but the latest figures available, as shown by Circular No. 38, Bureau of Crop Estimates, of the Department of Agricult

issued on the 15th of October, gives the following as the number of live stock in the countries named on the dates specified. The bureau in publishing these figures makes this explanation:

"*Live stock.*—Although statistics exist showing the number of live stock in the different nations of the world, the figures in many countries are not for uniform dates, relate to different years, and even to different seasons of the same year. To make an accurate or even satisfactory summary of the numbers in the whole world in any given year or in any given season is, therefore, impossible. From the figures relative to the different countries in the following tables and pertaining to prewar estimates it may be reasonably inferred what the normal numbers were before the war."

Number of live stock in specified countries.

[000 omitted.]

Country.	Prewar estimates.		Recent estimates.	
	Date.	Number.	Date.	Number.
Cattle:				
United States	Jan. 1, 1914	52,592	[1] Jan. 1, 1921	66,711
Canada	June 30, 1914	6,037	June 30, 1920	9,477
Argentina	Jan. 1, 1914	25,867	1918	[2] 35,000
Uruguay	1906	8,193	1918	7,802
Brazil	1913	30,705	Dec. —, 1918	[2] 37,500
Union of South Africa	May 7, 1911	5,797	1919	[3] 5,575
Australia	Dec. 31, 1910	11,745	1919	11,040
New Zealand	Apr 1, 9111	2,020	1920	3,059
Sheep:				
United States	Jan. 1, 1914	49,719	Jan. 1, 1921	45,067
Canada	June 30, 1914	2,058	June 30, 1920	3,721
Argentina	Dec. 31, 1913	[4] 81,485	1918	[2] 83,000
Uruguay	1908	26,286	1918	[2] 11,473
Brazil	1913	10,653	1918	[2] 7,000
Union of South Africa	Dec. 31, 1913	35,711	1919	28,492
Australia	Dec. 31, 1910	92,047	June 30, 1920	78,000
New Zealand	Apr. 30, 1911	23,996	Apr. 30, 1920	23,915
Swine:				
United States	Jan. 1, 1914	58,933	Jan. 1, 1921	68,649
Canada	June 30, 1914	3,434	June 30, 1920	3,517
Argentina	June 1, 1914	2,901	1915	[2] 3,197
Uruguay	1908	180		
Brazil	1913	18,399	1916	17,329
Union of South Africa	May 7, 1911	1,092	1919	[3] 724
Australia	Dec. 31, 1910	1,026	1918	[5] 1,111
New Zealand	Apr. 1, 1911	349	1920	260

[1] Estimate furnished by the Bureau of Crop Estimates Feb. 1, 1921.
[2] Unofficial estimate.
[3] Excluding native locations, reserves, etc.
[4] The census of June 1, 1914, shows 43,225,000 sheep, excluding lambs, with a preliminary estimate for Dec. 31, 1914, of 56,000,000, including lambs. The final official estimate for Dec. 31, 1914, is 43,682,000 while the official estimate of Dec. 31, 1913, placed the number of sheep, including lambs, at 81,485,000.
[5] Excluding northern territory.

Principal countries, competitive or potentially competitive, population, and cattle and sheep per 1,000 population and cattle units per 1,000 population.

Country.	Population.	Year.	Number of cattle.	Cattle per 1,000 population.	Year.	Number of sheep.	Sheep per 1,000 population	Cattle units per 1,000 population.
Argentina	84,000	1914	25,867,000	3,120	1914	45,000,000	5,450	3,900
Uruguay	79,000	1916	7,803,000	5,650	1914	11,473,000	8,320	6,850
Brazil	42,000	1916	28,962,000	1,090	1916	7,205,000	270	1,130
South Africa	09,000	1911	5,797,000	680	1916–17	25,060,000	330	930
Australia	71,000	1919	11,040,000	2,220	1918	79,993,000	16,100	4,520
New Zealand	62,000	1918	2,888,000	2,490	1919	25,728,500	22,100	5,590
Canada	61,000	1918	10,051,000	1,200	1918	3,151,000	380	1,260
United States	1 53,000	1919	67,866,000	640	1920	38,753,000	345	690
India	3 56,000	1916	130,145,000	410	1916	31,322,000	100	424
Russia and Siberia (with 257,000 head)	182,183,000	1914	32,704,000	180		37,240,000	205	210
Paraguay	1,000,000	1915	5,249,000	5,280		600,000	600	5,330
Colombia	5,473,000	1915	3,036,000	660				670
Venezuela	2,826,000		2,004,000	710				720
Chile	3,870,000	1914	1,944,000	500		4,545,000	1,180	670

Basic data from Statistical Abstract, U. S., 1918, etc. Yearbooks, U. S. Dept. Agric. and Bul. N. A. W. M., vol. 50, No. 1.

Exports of all meats from 8 countries.

Country.	Average 3 years, 1911-13.		1918		1919	
	Pounds.	Per cent of total.	Pounds.	Per cent of total.	Pounds.	Per cent of total.
Argentina	1,173,474,754	29.4	1,960,499,388	29.0	1,214,970,492	[illegible]
Australia	507,142,642	12.7	370,285,671	5.5	394,031,360	[illegible]
Canada	62,514,078	1.6	410,481,213	7.1	437,094,320	[illegible]
Brazil	1,520,049	....	214,940,377	3.2	251,191,714	[illegible]
British South Arica	537,300	....	19,143,192	....	46,481,325	[illegible]
New Zealand	326,538,613	8.2	272,528,713	4.0	448,102,144	[illegible]
Uruguay	196,372,194	4.9	291,586,749	4.3	342,971,655	[illegible]
United States [1]	1,248,092,734	31.2	3,061,873,064	45.7	3,118,727,502	[illegible]

[1] Pork products are included.

Imports of meats, all kinds, 15 countries.

Country.	Average 3 years, 1911-13.	1918	1919
	Pounds.	*Pounds.*	*Pounds.*
Austria-Hungary	28,56[illegible]26	....	....
Belgium	179,11 24	....	166,432,[illegible]
Cuba	131,58 97	131,106,195	....
Denmark	33,83 95	1,273,597	14,032,[illegible]
France	111,49 75	762,556,793	1,283,387,[illegible]
Germany	559,92 03	....	....
Italy	104,61 99	491,880,871	525,440,[illegible]
Netherlands	359,86 94	934,629	114,631,[illegible]
Norway	41,82 76	27,654,048	60,304,[illegible]
Russia	130,89 72	....	....
Spain	37,97 93	12,944,857	13,504,[illegible]
Sweden	24,21 76	....	66,094,[illegible]
Switzerland	56,32 16	23,568,717	6,635,[illegible]
United Kingdom	3,056,94 89	3,300,554,335	3,096,221,[illegible]
United States	12,13 14	34,490,083	107,642,[illegible]
Total	4,869,226,539	4,786,985,225	5,470,582,[illegible]

Exports of meat and meat products, 1911 to 1920.

[From reports of Department of Commerce.]

		1911	1912	1913	1914	1915	1916	1917	1918	1919	1920
Beef products:											
Beef, canned	lbs	11,248,543	8,439,735	4,163,095	30,734,748	69,999,828	54,026,922	65,471,232	141,457,163	53,867,327	24,059,711
	dolls	1,311,234	1,040,891	539,889	4,897,079	11,014,980	11,911,790	18,258,522	51,498,010	20,672,964	5,951,629
Beef, fresh	lbs	28,782,481	9,025,552	6,850,123	31,422,463	262,813,397	181,976,831	216,419,599	514,341,529	174,426,999	89,049,148
	dolls	2,905,412	1,053,777	817,487	3,899,070	33,606,465	22,316,803	31,427,132	109,605,363	40,280,747	17,564,887
Beef, pickled, and other cured	lbs	42,304,538	28,709,513	25,180,539	23,779,449	42,746,813	36,682,614	67,810,990	44,206,020	42,804,724	25,771,176
	dolls	3,181,044	2,437,460	2,507,541	2,371,563	4,597,289	3,942,826	8,319,655	7,921,220	8,739,141	3,659,815
Oleo oil	lbs	163,327,446	94,345,312	100,747,458	85,144,527	109,185,783	83,891,672	33,399,548	69,106,350	75,585,164	14,368,344
	dolls	15,662,828	10,981,599	11,257,554	8,918,130	13,011,789	11,431,632	6,796,996	15,493,321	22,025,340	16,585,209
Oleomargarine, imitation butter	lbs	3,833,169	3,350,191	2,916,955	2,292,690	6,775,163	6,309,330	3,522,540	8,909,108	22,939,589	16,557,821
	dolls	404,727	345,990	304,605	246,914	783,321	882,797	693,150	2,398,908	6,576,760	4,567,174
Tallow	lbs	45,659,263	28,988,847	28,234,622	9,980,066	26,568,075	15,338,057	7,510,376	4,222,657	38,953,783	20,691,638
	dolls	2,810,574	1,783,497	1,794,458	621,296	1,902,189	1,573,196	1,192,287	745,977	6,370,112	2,950,675
Hog products:											
Bacon	lbs	198,112,203	192,021,658	212,796,618	184,267,850	524,138,245	592,851,157	578,128,056	1,104,788,081	1,190,297,494	636,678,440
	dolls	24,185,672	23,483,949	27,983,536	25,570,543	69,823,962	87,113,549	123,115,384	315,968,064	373,913,227	156,298,769
Hams and shoulders cured	lbs	189,615,032	176,058,810	171,671,407	142,398,301	266,442,819	287,161,195	243,386,814	537,213,041	596,795,663	185,246,755
	dolls	23,337,395	22,235,899	24,177,782	20,797,130	37,348,592	45,340,015	54,047,798	145,674,888	189,428,837	50,887,588
Lard	lbs	552,429,865	495,092,561	536,179,645	438,015,898	451,286,439	426,659,599	372,721,342	548,817,901	760,901,611	612,249,951
	dolls	54,504,681	52,201,560	60,664,940	48,610,269	48,342,004	56,039,641	75,355,138	144,933,151	237,983,449	143,371,441
Neutral lard	lbs	52,548,647	57,556,216	39,312,411	21,797,521	35,389,918	27,264,774	9,423,385	6,307,164	22,957,137	23,238,071
	dolls	5,463,473	6,384,590	4,492,701	2,429,926	4,006,840	3,687,236	2,015,320	1,612,780	7,725,983	5,806,012
Pork—											
Canned	lbs	5,057,999	5,185,411	3,651,101	2,786,415	7,928,944	7,263,012	5,377,226	5,267,342	5,791,706	1,803,066
	dolls	596,379	635,570	545,368	450,724	1,312,558	1,559,799	1,731,531	1,776,392	2,422,364	752,745
Fresh	lbs	2,231,661	2,607,659	3,182,678	1,250,977	24,230,183	55,112,043	49,372,780	11,632,635	26,776,978	38,305,278
	dolls	256,096	310,558	407,283	178,099	2,879,833	6,950,706	9,899,883	2,907,894	8,347,557	9,090,492
Pickled	lbs	51,029,350	54,372,819	53,984,973	37,006,108	59,047,897	54,975,221	39,294,011	36,671,660	34,113,875	38,724,241
	dolls	4,875,795	5,468,207	5,866,901	4,011,586	6,026,008	6,556,925	7,088,935	8,535,017	8,632,518	7,671,169
Lard compounds and other substitutes	lbs	69,484,042	73,724,170	63,699,754	63,355,911	63,869,985	49,821,709	49,300,143	43,977,410	124,962,950	32,051,458
	dolls	6,022,309	6,397,205	5,769,314	5,686,980	5,519,231	5,930,841	8,582,320	10,258,536	31,605,885	7,218,845
Mutton (except canned)	lbs	2,573,653	5,076,168	4,789,431	3,847,093	4,230,928	5,257,883	2,862,175	1,630,815	3,009,164	3,575,409
	dolls	246,221	523,655	547,893	436,069	500,117	697,847	514,855	387,132	632,667	758,526

Imports of fresh meats, 1914 to 1920.

The United States became an importer of fresh meats first in 1914, following the enactment of the law placing meats on the free list. Importations of such meats during the past six years, as shown by the reports of the Bureau of Foreign and Domestic Commerce, Department of Commerce, were:

		1914	1915	1916	1917	1918	1919	1920
Meat products—meats, fresh:								
Beef and veal	lbs.	254,319,200	118,589,580	39,772,414	22,072,147	23,339,081	38,461,758	50,182,105
	dolls.	22,758,994	11,125,444	3,988,944	3,088,759	4,159,186	6,408,081	8,057,270
Mutton and lamb	lbs.	19,875,942	11,879,353	17,235,208	5,628,903	607,896	8,209,182	101,168,319
	dolls.	1,824,168	1,109,156	1,526,633	685,401	134,290	1,547,338	12,645,379
Pork	lbs.	18,952,005	3,498,294	954,561	2,580,340	1,721,979	2,779,361	1,546,009
	dolls.	2,342,271	370,553	95,997	553,812	376,604	601,051	415,092
Total fresh meats	lbs.	293,147,147	133,867,227	57,962,183	30,276,390	25,668,956	49,450,301	152,891,433
	dolls.	26,925,433	12,605,153	5,611,574	4,327,972	4,670,080	8,556,470	21,117,741

The following summary so well illustrates the situation as to foreign meat production in 1919 that we submit it for the consideration of the committee.

FOREIGN MEAT SITUATION.

[Price Current—Grain Reporter, May 8, 1919, p. 40.]

The annual review of the frozen-meat trade of the world by W. Weddel & Co., of London, was issued, bearing date of April 1, 1919, from which it appears that during the year 1918 approximately 600,000 to 700,000 tons of frozen meat were shipped, mainly from the Western Hemisphere, to the armies in Europe, Egypt, and Salonica. The great bulk, however, entered Europe through French ports. Italy took about [illegible]65,000 tons, the bulk of which came from the River Plate and Brazil. This compares with 96,800 tons for the year 1916. The export from Australia in 1918 was the smallest recorded for many years, amounting only to 66,900 tons compared with 118,540 in 1917 and 171,200 in 1914. The bulk of this meat was beef, only 7,900 tons in 1918 having been of mutton and lamb, showing that the sheep farmers of Australia are in difficulty but are making strong efforts to overcome the very serious losses of stock suffered during the preceding years, particularly 1914 and 1915, when sheep were reduced, it is said, by the enormous total of 16,000,000 head and cattle by 1,000,000 head owing to adverse weather conditions. Recent estimates place the number of sheep now in the Commonwealth at 78,000,000 head and cattle at 10,500,000. The sheep are about [illegible],000,000 above the low-water mark of 1916 but are still 7,000,000 under the total of 1913.

The same trade for New Zealand, once a very heavy shipper of frozen mutton, was affected by the general scarcity of refrigerated tonnage. The sheep in the Dominion of New Zealand on April 30, 1918, were computed at 26,500,000, an increase of 5 per cent over the previous year; the number of cattle, 2,900,000, an increase of about 125,000 during the year.

The report calls attention also to the fact that French herds and flocks, which were seriously reduced by the German invasion and by the excessive killing during the early parts of the war, are making good progress toward recovery in respect of numbers, although of course in the matter of weight they are still light owing to the scarcity of feeding stuffs. The report says no fresh enumeration of live stock in the Argentine Republic has been made since 1917, when approximately there were 30,000,000 head of cattle and 55,000,000 sheep. The year, however, was an excellent one for stock, and it is unofficially estimated that there was a net increase of between 6,000,000 and 7,000,000 cattle and about 4,000,000 sheep.

Brazil is estimated to have about 30,000,000 head of cattle. The herds, however, consist largely of calves and young animals, many of which are not yet of suitable weight and quality for export, although there is regularly considerable beef exported from Brazil, both frozen and chilled.

COST OF PRODUCTION IN FOREIGN COUNTRIES.

From the Pan American Union it is learned that the highest rate of wages on the farms in South America, including all kinds of farm labor, is $20 a month and board. The rates are given by the Pan American Union on the basis of the pay in the year 1917, or at the height of the high wage rate throughout both North and South America. According to the figures on file at the Pan American Union the rate of wages was as follows:

Brazil, from 50 to 90 cents a day without board.
Argentina, from $10 to $20 per month and board.
Paraguay, about the same rate as Argentina.
Uruguay, wages corresponding to those paid in Brazil.
Chile, 25 cents a day.

On the best obtainable advice the rate of wages among the sheep and cattle herders in Australia and New Zealand ranges between $25 and $50 a month and supplies. In South Africa, which is rapidly becoming a great sheep-producing territory, wages are reported averaging $7 a month and a few pounds of meal and a few ounces of salt per diem.

The freight rates on frozen beef, mutton, and veal from Australia and New Zealand to the Atlantic ports of the United States range from 1¾d. to 1⅞d. per pound, or at the current rate of exchange 2¾ to 3 cents per pound from the sheep and cattle ranges of Australasia to the American Atlantic ports, either around the Horn, by the Suez Canal route, or through the Panama Canal. At the time this is written the Shipping Board reports the current freight rate on frozen meat from Argentina and the River

Plate country as 4 cents per pound. Against these rates the American producer is faced with the following rates:

	Per 100 lbs.
From Omaha to Boston or New York	$1.34½
From Kansas City to Boston or New York	1.34½
From Fort Worth to Boston or New York	1.[illegible]
From Chicago to Boston or New York	.96½

As to the rate of wages, the difference in favor of the American herder is at least 100 per cent as compared with the most favored of the other surplus producing countries. American farm-labor wages during the past three years have ranged from $45 per month and board up as high as $90 per month and board. From these figures it will easily be understood that the labor cost of production in the United States is at least 100 per cent higher than it is in any one of the other surplus producing countries, either in the Western or the Eastern Hemisphere.

We do not submit here any particular figures with respect to the cost of production in this country, but from the foregoing it will be seen that the wages in the foreign countries mentioned are so much less than the wages paid in the United States, and the labor is performed under such different conditions and circumstances, with a lower overhead cost, that it is impossible to state in figures a reasonable comparison. But it is plain, and not open to the suspicion of doubt, that labor costs several times more in the United States than it does in these foreign countries.

On the subject of the cost of grazing live stock, and feeding and fattening the same for the purpose of slaughter, reliable data are not available. But inquiry of those who have observed it, and of those who are closely connected with the production in these countries, leads to the undeniable conclusion that the cost of grazing, feeding, and fattening of live stock, as it is carried on in those countries, apart from the matter of labor cost, is very much less than it is in the United States.

The very fact that the American meat packers themselves have established slaughtering plants at the points of export in most of these foreign countries is ample proof that the supply is available at a much lower price. We expect the Tariff Commission to complete a compilation of the data gathered by it before these hearings are concluded. This will be submitted to the committee for its information. We do not care to indulge in the submission of such facts as we have been able to gather, which are of a less specific nature and would only tend to confusion, and, indeed, would be eliminated when the report of the Tariff Commission is submitted. We could refer to examinations which have been made in previous years and reports respecting the cost of grazing and the method and manner of carrying on the business in these surplus producing countries, but the later reports of the Tariff Commission will likewise doubtless be substituted.

One significant commercial fact is important to bear in mind, and that is, if the importations from these foreign countries are permitted to come into the United States and to take the place of our home production and thus produce, as it inevitably will, a lessened home supply year by year while the market for the foreign product continuously grows, as it would, it is certain that the consumer will be supplied only from the hands of the very same packing interests, who are slaughtering in foreign countries and importing into the United States and who also slaughter in the United States the home production. This would likewise extend to the exportation from foreign producing countries and from the United States of whatever surplus may exist to the foreign consuming countries; all handled by the same interests.

Plainly, it is not a case of ordinary sort wherein an import duty is made with respect to an extensive commerce by great numbers of people who may engage in it.

The nature of the business of the slaughtering, refrigeration, and transportation of fresh meats, and indeed canned and cured meats and the by-products, is such that it is capable of being carried on most economically by concerns prepared to handle it throughout the most extensive world commerce, involving the necessity of large expenditures and a large organization of operatives skilled in the business. These things are mentioned simply to show that the field of this commerce is occupied and that there would be little, if any, invitation to outside undertakings on the part of capital of a competitive nature.

So that this committee is dealing with the import tariffs upon the meat products of a few concerns, concentrating into their hands the surplus meat products of the world.

It follows that the argument is unsound wherein it is contended that the consumer can benefit by the importation into this country, which would mean lessened production here, where home slaughter can be extensively engaged in if the supply is ample. The consumer can not profit by the curtailment of the home supply, and it has been clearly shown that he has not profited by the importation of meats free

ty. The commercial result of the failure to provide for a duty on imported fresh eats will be to continue the control of the supply of the imports in the hands of ose who now control the imports and largely the home production.

It is against the interests of the consuming public of this country to thus curtail e production of meat animals in the United States.

The American National Live Stock Association; The Cattle Raisers' Association of Texas; The National Wool Growers' Association; The Corn Belt Meat Producers' Association of Iowa; The Kansas Live Stock Association; The Colorado Cattle and Horse Growers' Association and All Other Live Stock Producing Interests; S. H. Cowan, Fort Worth, Tex.; A. W. Rucker, Denver, Colo.

Mr. Cowan. I have a statement of Col. Ike T. Pryor, which has een given wide circulation in the press. He is a man of very great perience, vice president of the Southern Tariff Association, and as been president of the American Live Stock Association and many ther organizations, is well known throughout the United States, and think it is valuable. It consists of but three or four pages on the ubject of the cost and the tariff.

The Chairman. It will be printed.

TATEMENT OF IKE T. PRYOR, SAN ANTONIO, TEX., REPRESENTING AMERICAN NATIONAL STOCK ASSOCIATION AND THE TEXAS SOUTHWESTERN CATTLE RAISERS' ASSOCIATION.

There are two great internal questions before the people of the United States to-day, riff and revenue. They are very closely allied. It is hard to discuss one without e other. Some claim the tariff to be a local issue, others claim it to be a political sue, while some will say it is an economic issue. Call it what you will, it is a big uestion, and is going to take big-brained and broad-minded men to handle it.

The tariff affords a degree of protection and at the same time produces a revenue, us reducing our tax burden just that much; and the less taxes we pay the more cash e can lay aside for a rainy day.

COST OF PRODUCTION.

We talk about a tariff of at least sufficient amount to equalize the cost of production ere and abroad. Who knows or can find out the exact cost of production? Take e cattle business, for example. It costs less to produce a beef in south Texas ready r slaughter than it does in north Texas. It costs less to produce a beef in Texas an in Nebraska; and less in Kansas than in Illinois. One year it can and does often st 25 to 50 per cent more to care for an animal than the previous year or the year llowing; hence, the cost of production will vary all over the United States, according local conditions, etc.

We should place a tariff sufficiently high on live stock and the products of live ock to cover the cost of production compared to that of foreign countries, plus a asonable profit, and at the same time not so high as to create a monopoly.

We should not ask for favors in any form but to oppose favoritism in all its forms. t is asking no favor to put us on an equal footing with foreign importers, and when e don't receive that consideration from Congress then the favor is extended the reign producer of raw material and not the home producer, which is absolutely nfair.

To better understand the importance of protecting our live-stock producers by a roper tariff, the following statistics should be studied carefully.

Population, and number of cattle and sheep.

	Population.	Cattle, prewar period.	Cattle, recent estimates.	Sheep and lambs, prewar period.	Sheep and lambs, [illegible]
Argentina	8,284,000	25,867,000	35,000,000	81,485,000	[illegible]
Uruguay	1,379,000	8,193,000	7,802,000	26,286,000	[illegible]
Brazil	26,542,000	30,705,000	37,500,000	10,653,000	[illegible]
Australia	4,971,000	11,745,000	11,040,000	92,047,000	[illegible]
Total	41,176,000	76,510,000	[1] 91,342,000	210,471,000	[3] [illegible]
United States	106,653,000	61,804,000	[2] 67,966,000	52,448,000	[4] [illegible]

[1] Increase, 19 per cent. [2] Increase, 9 per cent. [3] Decrease, 8 per cent. [4] Decrease, 4 per cent.

The four competitive countries first mentioned are known to consume less [illegible] per capita than our people and their population is less than 40 per cent of that [illegible] United States, yet they raise nearly 40 per cent more beef and four times as [illegible] mutton as we do, and consequently export the bulk of their meat.

Argentina has more than 4 cattle and 10 sheep per capita, while we have but [illegible] more than half a beef and less than half a sheep per capita. The great market[illegible] this country are in large cities, most of which can be reached by water transportat[illegible] In other words, at least one-third of American people to-day can be reached [illegible] foreign countries by water transportation, and when the great canal is built, [illegible] will connect the Lakes with the Atlantic Ocean, thus permitting ocean-going [illegible] to reach Chicago, one-half of the American people can be fed by water transporta[illegible] from foreign countries.

From the Pan American Union statistics it develops that farm laborers in Arge[illegible] receive $10 to $20 per month and board, so it is plain that, with our farm labor [illegible] paid from $45 to $90 per month and board, our labor cost of producing meat is [illegible] than four times as great as Argentina.

It should also be considered that these competitive countries still have enor[illegible] tracts of free range, and the cost of raising cattle is much less than here. Land [illegible] and pasture charges are much lower there than in this country and there is [illegible] an item of expense incident to the live-stock business that is not very much le[illegible] competitive countries than here.

Live-stock receipts at market centers declined more than 10 per cent in 1920 a[illegible] pared to 1919. On such a decline in receipts why didn't cattle, hogs, and she[illegible] crease in price? The answer is, imports of meats free of duty in various forms [illegible] the slack and prevented the advance; on the contrary, pressed the market down [illegible] Cattle led in the decline of agricultural products in 1920 and the price has been [illegible] toboggan ever since. Each month live stock has dropped a little lower than th[illegible] vious month, until now $8 per hundred live weight looks as good to us as did $1[illegible] hundredweight in the spring of 1919; thus decline in price carried with it little [illegible] benefit to the consumer, as the producer does not fix the price to the consumer [illegible] commodity.

Out of $4,000,000,000 estimated necessary to run this Government for one yea[illegible] 15 per cent of this vast sum is collected at the customhouses on import du[illegible] balance, or 85 per cent, is from internal revenue. This is the result of the work[illegible] the Underwood bill. Under the Payne-Aldrich bill 65 per cent of all the re[illegible] necessary to run this Government was collected at the customhouses on import [illegible] balance of 35 per cent was collected from some internal source, a great deal of [illegible] was from whisky and tobacco tax; however, it required only about $1,000,000,000 [illegible] those days to run the Government, as against $4,000,000,000 to-day.

MUTTON AND LAMB IMPORTS.

During the 12 months ending June 30, 1920, there were imported free of [illegible] 16,358,299 pounds of mutton and lambs, and during the succeeding four months imports of mutton and lambs free of duty amounted to 64,623,777 pounds, [illegible] 80,982,076 pounds.

During the last four months of this period there were practically four times as m[illegible] of these imports as in previous 12 months.

Putting the average mutton carcass at 40 pounds, it means there were the equi[illegible] lent of more than 2,000,000 sheep brought into this country free of duty during [illegible] 16-months period, and of this number three-fourths, or 1,600,000 head, arrived [illegible] the short period of the last four months, including February.

BEEF AND VEAL IMPORTS.

More than 100,000 carcasses of beef and veal were also imported into this country ree of duty in the last 16 months, making a total of over 3,000 carloads of cattle and ibout 10,000 carloads of mutton and lambs. This vast amount of meat was brought nto this country in ships which entered our harbors without the expenditure of one ingle dollar in this country before it reached our large consuming centers. When old at least 95 per cent of the proceeds were returned to some foreign country, practically little or no benefit to our commerce in any way. This is the direct result of no duty.

What if this 3,000 cars of cattle and 10,000 cars of mutton and lambs had been marketed from our farms and ranches in this country? Our railroads would have eceived freight on 13,000 cars of cattle and sheep. The charges for switching and eding the cars, feed, yardage, attendance, war tax, also a commission charge, ould have been distributed among the various interests named, and finally, and ost important, the net proceeds would have been deposited in our home banks r applied on some hard-pressed cattle or sheep man's paper. This would be the esult of a protective duty on imports. Which do you want and which will do the ost general good? It does not take a Solomon to answer the question.

Had it not been for the World War the Underwood bill would have wrought destruction to agriculture, also brought grief to the Democratic Party. Immediately after is Underwood bill was passed dressed or frozen beef and mutton began to be diverted om Europe to this country in large and increasing quantities. Only the war and he great demand for meat in the war zone gave us temporary relief from the imports om South America. Shortly after the armistice was signed these great foreign ean-going vessels began loading not only meats but other agricultural products in eat and increasing amounts. On January 5 of this year two ships reached the nited States loaded with 270,262 carcasses of mutton, and three other foreign ships ere en route to this country loaded with mutton. Five ships in one month containing about 675,655 carcasses, or 34,687,580 pounds, of meat coming in free of duty a staggering blow to the meat producers of the United States.

NO MILLIONAIRE FARMER.

We have in the United States 20,000 millionaires, judging from the income-tax cords. This estimate is based on the assumption that each individual who pays xes on an income of $50,000 or more is the owner of a million-dollar estate, and it is ry probable this estimate is a conservative one.

More than 6,000 of these millionaires live in New York State and probably 90 per nt of the others live north of the Mason and Dixon line and east of the Mississippi iver. How many of these men made their millions in farming? Who ever heard an honest-to-God millionaire farmer? How did most of these millionaires make eir money? The answer is, in the manufacturing business. Who furnished the w material for their plants? The live-stock raiser furnishes the cattle, sheep, and gs from which they produce beef, mutton, and pork to feed the world; they furnish e hides and wool, which the manufacturer converts into leather and cloth to shoe d clothe the world.

The farmer furnished the cotton from which the manufacturer creates cloth to make othing for the people; they also furnish the grain from which to create flour, meal, d cereals to feed the people.

Here is exhibited a community of interests, one absolutely dependent on the other, hich should be a 50-50 proposition instead of—well, I can't even guess what per nt the farmer and ranchman receive for their so-called raw material as compared th what the manufacturers receive for the finished product.

Fortunately our worthy President, Mr. Warren G. Harding, in his inaugural address id

"Tariff must be adjusted to protect American industry, with its higher production ts against people who are seeking trade expansion."

In so expressing himself President Harding meant by the expression "American dustry" not only manufactured products but everything produced by industry, it is up to us to so impress upon our Congressmen the needs of our farmers and kmen that we, too, will receive proper consideration in the remodeling of our tariff.

The manufacturers are highly organized, and you may depend upon it they will, rough combined efforts, obtain all possible tariff protection.

Every stockman and farmer in the South should take a keen interest in the tariff estion and become active members of live-stock or agriculture associations. You

should also actively assist the managers of your associations by urging your Congress-men to take an active interest in legislation affecting your products.

President Harding is in sympathy with us; so, I repeat, get after your Congressman and see that all possible facts and figures are available for him to show other Congress-men the importance of protecting the American farmer and stockman, especially of the South, whom you should represent, to the greatest possible degree.

Mr. COWAN. I have some memoranda made in connection with importations of hides, taken from the census, that I should like to have printed as a part of my original remarks, not as an appendix.

The CHAIRMAN. Hand them to the stenographer, and they will be printed in that manner.

Mr. COWAN. In the foregoing argument mention was made at different places of statistical data to be submitted herewith as a part of my statement. I therefore submit the following:

First. A statement issued by the Bureau of the Census under date of Jun[illegible] 8, 1921, relative to the slaughtering and meat-packing industry for the year 1919, as compared with the year 1914, as follows:

A preliminary statement of the 1920 census of manufactures has been prepared by the Bureau of the Census, Department of Commerce, furnishing statistics concerning the slaughtering and meat-packing industry for the year 1919. It consists of a statement of the number and cost of animals slaughtered and the quantities and values of the principal products manufactured during the year 1919.

The figures are compiled from 1,305 establishments with products for the year valued at $4,246.290,000. The total cost of raw materials, principally live stock. was $3,774,901,000, or 88.8 per cent of the total value of products.

The statistics for 1919 and 1914 are summarized in the following table. Those for 1919 are preliminary and subject to such change and correction as may be necessary from further examination of the original reports.

Slaughtering and meat packing, wholesale—Census Bureau's summary for the industry—1919 and 1914.

	1919	1914
MATERIALS.		
Total cost	$3,774,901,000	$1,441,[illegible]
Animals slaughtered, cost	$3,055,495,000	$1,199,[illegible]
Beeves—		
Number	10,818,000	[illegible]
Cost	$1,055,319,000	[illegible]
Calves—		
Number	4,395,000	2,[illegible]
Cost	$95,720,000	[illegible]
Sheep, lambs, goats, and kids—		
Number	13,523,000	[illegible]
Cost	$146,965,000	[illegible]
Hogs—		
Number	44,519,000	[illegible]
Cost	$1,757,491,000	[illegible]
All other materials, cost	$719,406,000	[illegible]
PRODUCTS.		
Total value	$4,246,290,000	$1,[illegible]
Fresh meat:		
Beef—		
Pounds	4,932,284,000	3,[illegible]
Value	$846,806,000	$421,[illegible]
Veal—		
Pounds	422,928,000	194,[illegible]
Value	$83,884,000	$36,[illegible]
Mutton, lamb, goat and kid—		
Pounds	501,291,000	[illegible]
Value	$120,451,000	[illegible]

Slaughtering and meat packing, wholesale, etc.—Continued.

	1919	1914
PRODUCTS—continued.		
resh meat—Continued.		
Pork—		
Pounds	2,112,243,000	1,877,099,000
Value	$532,075,000	$226,535,000
Edible offal and all other fresh meat—		
Pounds	516,983,000	296,667,000
Value	$59,832,000	$20,576,000
ured meat:		
Beef, pickled and other cured—		
Pounds	129,960,000	91,572,000
Value	$28,360,000	$14,395,000
Pork, pickled and other cured—		
Pounds	4,145,232,000	2,929,310,000
Value	$1,217,420,000	$393,605,000
anned goods:		
Pounds	305,943,000	160,799,000
Value	$96,904,000	$26,418,000
ausage:		
Canned—		
Pounds	161,002,000	74,004,000
Value	$27,985,000	$9,845,000
All other—		
Pounds	629,701,000	435,147,000
Value	$145,601,000	$58,350,000
rd:		
Pounds	1,372,550,000	1,119,189,000
Value	$415,817,000	$120,414,000
rd compounds and substitutes:		
Pounds	521,122,000	396,398,000
Value	$123,724,000	$33,037,000
eo oil:		
Gallons	20,339,000	16,502,000
Value	$30,953,000	$11,926,000
her oils:		
Gallons	6,721,000	6,715,000
Value	$9,153,000	$4,010,000
llow and oleo stock:		
Pounds	242,084,000	209,614,000
Value	$36,536,000	$13,733,000
omargarine:		
Pounds	123,639,000	60,388,000
Value	$36,778,000	$8,819,000
des and pelts:		
Cattle hides—		
Number	10,818,000	7,159,000
Value	$185,020,000	$69,959,000
Calf—		
Number	3,353,000	1,464,000
Value	$24,797,000	$3,513,000
Sheep, lamb, goat, and kid—		
Number	12,244,000	15,917,000
Value	$33,780,000	$13,624,000
tilizers and fertilizer material:		
Tons	391,000	294,000
Value	$18.315,000	$8,737,000
other products,[1] value	$172,099,000	$92,197,000

[1] ...cludes value of ammonia, butter, butter reworked, condensed milk, glue, glycerine, hog hair, ice, ...ge casings, scrapple, soap, wool, etc., and amount received for slaughtering and refrigeration for ...rs.

Second. Tables from reports issued by the Bureau of Foreign and Domestic Commerce showing the imports and exports of meats for the years 1910 to 1921, as follows:

Merchandise imported: Quantities and values, by articles.

Article.		Calendar years. 1914	1915	1916	1917
Meat and dairy products:					
Meat products—					
Meats, fresh—					
Beef and veal	pounds..	254,319,200	118,589,580	39,772,414	22,[illegible]
	dollars...	22,758,994	11,125,444	3,988,944	3,[illegible]
Mutton and lamb	pounds..	19,875,942	11,879,353	17,235,208	5,6[illegible]
	dollars...	1,824,168	1,109,156	1,526,688	[illegible]
Pork	pounds..	18,952,005	3,498,294	954,561	2,[illegible]
	dollars...	2,342,271	370,553	95,997	[illegible]
Total fresh meats	pounds..	293,147,147	133,967,227	57,962,183	30,[illegible]
	dollars...	26,925,433	12,605,153	5,611,574	4,[illegible]

Article.		Calendar year. 1918	1919	Fiscal year ending J[illegible] 1920	19[illegible]
Meat and dairy products:					
Meat products—					
Meats, fresh—					
Beef and veal	pounds..	23,339,081	38,461,758	42,436,333	40,[illegible]
	dollars...	4,159,186	6,408,081	6,962,894	6,[illegible]
Mutton and lamb	pounds..	607,896	8,209,182	16,358,299	10[illegible]
	dollars...	134,290	1,547,338	2,519,355	1[illegible]
Pork	pounds..	1,721,979	2,779,361	2,132,444	1,[illegible]
	dollars...	376,604	601,051	464,838	[illegible]
Total fresh meats	pounds..	25,668,956	49,450,301	60,927,576	151,[illegible]
	dollars...	4,670,080	8,556,470	9,947,087	19,[illegible]

Domestic merchandise exported: Quantities and values, by articles.

Article		Calendar years. 1910	1911	1912	1913	1914	19[illegible]
Meat products:							
Beef products—							
Beef, canned	lbs....	11,503,037	11,248,543	8,439,735	4,163,095	30,734,74[illegible]	[illegible]
	dolls..	1,330,048	1,311,234	1,040,891	539,889	4,897,079	[illegible]
Beef, fresh	lbs....	55,538,924	28,782,481	9,025,552	6,850,123	31,442,46[illegible]	[illegible]
	dolls..	5,911,108	2,905,412	1,053,777	817,847	3,899,070	[illegible]
Beef, pickled, and other cured.	lbs....	35,335,923	42,304,538	28,709,513	25,180,539	23,779,449	[illegible]
	dolls..	3,071,975	3,181,044	2,437,460	2,507,541	2,371,563	[illegible]
Hog products—							
Bacon	lbs....	128,269,744	198,112,203	192,021,658	212,796,618	184,267,85[illegible]	[illegible]
	dolls..	17,880,082	24,185,672	23,483,949	27,983,536	25,570,51[illegible]	[illegible]
Hams and shoulders, cured.	lbs....	131,181,642	189,615,032	176,058,810	171,671,407	142,398,301	[illegible]
	dolls..	17,884,237	23,337,395	22,235,899	24,177,782	20,797,130	[illegible]
Lard	lbs....	368,831,681	552,429,865	495,092,561	536,179,645	438,015,89[illegible]	[illegible]
	dolls..	45,935,897	54,504,681	52,201,560	60,664,940	48,610,269	[illegible]
Pork—							
Canned	lbs....	3,715,803	5,057,999	5,185,411	3,651,101	2,796,41[illegible]	[illegible]
	dolls..	428,396	596,379	635,570	545,368	450,724	[illegible]
Fresh	lbs....	927,229	2,231,661	2,607,659	3,182,678	1,250,977	[illegible]
	dolls..	120,523	256,096	310,558	407,283	178,099	[illegible]
Pickled	lbs....	41,488,829	51,029,350	54,372,819	53,984,973	37,006,10[illegible]	[illegible]
	dolls..	4,806,246	4,875,795	5,468,207	5,866,901	4,001,5[illegible]	[illegible]
Lard compounds and other substitutes for lard.	lbs....	71,993,638	69,484,042	73,724,170	63,699,754	63,355,911	[illegible]
	dolls..	7,258,758	6,022,309	6,397,205	5,769,314	5,668,9[illegible]	[illegible]
Mutton (except canned.)	lbs....	1,997,099	2,573,653	5,076,168	4,789,431	3,847,09[illegible]	[illegible]
	dolls..	220,104	246,221	523,655	547,893	436,0[illegible]	[illegible]

Domestic merchandise exported: Quantities and values, by articles—Continued.

Article.		Calendar years.				Fiscal year ending June—	
		1916	1917	1918	1919	1920	1921
Meat products:							
Beef products—							
Beef, canned	lbs	54,026,922	65,471,232	141,457,163	53,867,327	31,133,918	10,785,306
	dolls	11,911,790	18,258,522	51,498,010	20,672,964	9,364,410	2,521,873
Beef, fresh	lbs	181,976,831	216,419,599	514,341,529	174,426,999	153,560,647	21,084,203
	dolls	22,316,803	31,427,132	109,605,363	40,280,747	32,566,746	3,704,590
Beef, pickled, and other cured.	lbs	36,682,614	67,810,990	44,206,020	42,804,724	32,383,501	23,312,856
	dolls	3,942,826	8,319,655	7,921,220	8,739,141	5,880,766	2,998,514
Hog products—							
Bacon	lbs	592,851,157	578,128,056	1,104,788,081	1,190,297,494	803,666,851	489,298,109
	dolls	87,113,549	123,115,384	315,968,064	373,913,227	233,327,856	103,114,918
Hams and shoulders, cured.	lbs	287,161,195	243,386,814	537,213,041	596,795,663	275,455,931	172,011,676
	dolls	45,340,015	54,047,798	145,674,888	189,428,837	82,633,460	40,088,562
Lard	lbs	426,659,599	372,721,342	548,817,901	760,901,611	587,224,549	746,157,356
	dolls	56,039,641	75,355,138	144,933,151	237,983,449	171,523,351	131,329,199
Pork—							
Canned	lbs	7,263,012	5,377,226	5,267,342	5,791,706	3,261,967	1,118,967
	dolls	1,559,799	1,731,531	1,776,392	2,422,364	1,480,364	449,816
Fresh	lbs	55,112,043	49,372,780	11,632,635	26,776,978	27,224,941	57,043,446
	dolls	6,950,706	9,899,883	2,907,894	8,347,557	7,327,511	11,128,446
Pickled	lbs	54,975,221	39,294,011	36,671,660	34,113,875	41,643,119	33,286,064
	dolls	6,556,925	7,088,935	8,535,017	8,632,518	9,680,987	5,380,792
Lard compounds and other substitutes for lard.	lbs	49,821,709	49,300,143	43,977,410	124,962,950	44,195,842	42,155,971
	dolls	5,930,841	8,582,320	10,258,536	31,605,885	11,850,311	6,099,914
Mutton (except canned).	lbs	5,257,883	2,862,175	1,630,815	3,009,164	3,958,131	6,624,522
	dolls	697,847	514,855	387,132	632,667	815,452	1,291,325

The imports and exports of beef and mutton for the fiscal year 1921 were as llows: Imports 148,847,454 pounds; exports 55,182,365 pounds. It will there-re be seen that the imports exceeded the exports by 93,665,089 pounds.

Third. Tables from the reports of the Bureau of Foreign and Domestic Com-erce showing the imports and exports of cattle, hogs, and sheep for the years 10 to 1921, as follows:

Domestic merchandise exported: Quantities and values, by articles.

Article.		Calendar years.					
		1910	1911	1912	1913	1914	1915
mals:							
Cattle	No.	109,629	164,087	46,463	26,236	8,694	16,256
	dolls	9,464,580	14,110,081	3,623,043	851,060	515,046	2,523,689
Hogs	No.	4,019	13,246	17,478	12,118	12,399	7,261
	dolls	46,387	107,676	144,143	133,962	157,421	85,133
Sheep	No.	52,638	177,069	191,963	170,411	78,277	40,501
	dolls	203,796	853,300	636,856	595,324	317,939	171,361
All other (including fowls, dolls		236,336	274,944	378,339	475,411	292,034	208,182
Total	dolls	15,292,411	20,389,993	9,449,078	7,071,055	20,419,257	121,641,460

Article.		Calendar years.				Fiscal year ending June—	
		1916	1917	1918	1919	1920	1921
mals:							
Cattle	No.	12,171	20,009	17,280	69,859	83,039	145,673
	dolls	658,934	1,291,714	1,082,758	6,439,521	11,921,518	10,950,507
Hogs	No.	28,301	15,588	10,308	24,745	38,107	103,414
	dolls	339,747	276,451	333,729	683,911	982,120	2,216,500
Sheep	No.	55,059	30,359	7,962	34,531	56,155	80,723
	dolls	268,538	278,759	120,882	369,974	711,549	532,510
All other (including fowls), dolls		396,516	383,903	288,645	464,702	575,056	931,229
Total	dolls	92,425,609	49,005,850	15,045,142	12,003,684	19,291,197	17,617,041

Merchandise imported: Quantities and values, by articles.

Article.		Calendar years.					
		1910	1911	1912	1913	1914	1915
Animals:							
Cattle	No....	211,230	252,423	325,717	736,937	727,891	[illegible]
	dolls..	3,261,023	3,915,888	5,296,296	14,692,916	19,650,903	[illegible]
Sheep	No....	56,201	23,063	15,342	115,688	199,995	[illegible]
	dolls..	408,976	153,459	89,288	312,265	657,388	[illegible]

Article.		Calendar years.				Fiscal year ending June—	
		1916	1917	1918	1919	1920	1921
Animals:							
Cattle	No....	295,647	347,510	352,601	642,395	575,328	[illegible]
	dolls..	10,603,697	18,245,973	25,518,585	53,296,078	45,081,179	[illegible]
Sheep	No....	125,722	202,861	150,203	22,774	199,549	[illegible]
	dolls..	668,658	2,014,169	1,653,717	2,473,386	2,279,949	[illegible]
Swine	No....	2,402	16,236	7,467	20,657	3,662	[illegible]
	dolls..	40,457	396,961	185,617	758,259	121,068	[illegible]

We have included in the foregoing tables live stock and meats only. Fig-ures are readily obtainable with respect to all the different classes of products but it is not deemed necessary or desirable to present them here.

It will be observed that there was nearly a 100 per cent increase in importations of cattle for the years 1913 and 1914 over the year 1912, and large increase in 1912 over 1911 and in 1911 over 1910. The peak was reached in 1913, when 736,937 head were imported, falling to 552,489 head in 1915, again reaching the high mark of 642,395 in the year 1919.

The exports for the same periods show a very small and generally insignifi-cant number, the highest number being 164,087 head for the year 1911. The low mark was 8,694 head in the year 1914. In 1919 the number increased to 69,859.

For the year 1921 the imports of cattle were 326,214 head, and the exports 145,673 head, so that the imports exceeded the exports by 180,541 head.

Fourth. Tables from the reports of the Bureau of Foreign and Domestic Commerce showing the imports and exports of calf and cattle hides for the year 1910 to 1921, as follows:

Domestic merchandise exported: Quantities and values, by articles.

Article.		Years ended June 30—				
		1912	1913	1914	1915	1916
Hides and skins, except fur skins, raw or uncured:						
Calf	lbs....	548,242	903,922	323,417	1,074,529	[illegible]
	dolls..	99,592	155,499	69,515	248,547	[illegible]
Cattle	lbs....	17,445,209	17,971,809	12,524,901	21,135,730	[illegible]
	dolls..	2,289,648	2,589,603	1,933,705	4,013,172	[illegible]

Article.		Years ended June 30—		Fiscal year ended June 30—		
		1917	1918	1919	1920	1921
Hides and skins, except fur skins, raw or uncured:						
Calf	lbs....	1,374,038	3,458,001	2,778,393	2,875,600	[illegible]
	dolls..	549,459	1,462,456	1,597,141	2,282,484	[illegible]
Cattle	lbs....	7,365,461	7,023,761	10,189,293	16,433,766	[illegible]
	dolls..	2,041,357	1,953,700	3,236,418	6,476,671	[illegible]

Merchandise imported: Quantities and values, by articles.

Article.		Calendar years.					
		1910	1911	1912	1913	1914	1915
Calfskins	lbs.	53,157,553	82,631,186	114,859,364	76,468,995	66,915,534	48,914,776
	dolls.	11,814,440	21,227,102	31,033,634	21,243,369	16,373,257	11,334,162
Cattle hides	lbs.	221,969,098	170,649,238	303,530,775	223,549,752	308,050,216	408,632,111
	dolls.	32,925,374	25,226,945	49,178,526	40,844,504	55,931,415	78,137,660

Article.		Calendar years.				Fiscal year ending June—	
		1916	1917	1918	1919	1920	1921
Calfskins	lbs.	62,657,181	29,585,605	7,582,723	64,555,521	68,359,825	35,589,617
	dolls.	18,132,654	11,511,555	2,953,959	33,653,139	38,065,552	10,547,818
Cattle hides	lbs.	404,201,341	370,684,826	221,051,070	407,282,271	439,461,094	198,573,338
	dolls.	87,674,812	102,357,052	52,029,641	125,590,047	151,218,395	39,866,631

Wherever values have been left in the tables, it has been done only as a matter of convenient information. In the case of meats and other products it is, of course, well understood that conditions during the war and even up to this period have been too abnormal to make the value figures adaptable for the purpose of drawing deductions which are reliable.

Also the quantities of exports during the same period, which were affected by the war, can not be used for the purpose of drawing deductions as to what may be expected in the future. It is for that reason that we have presented the figures for the years before the war and brought them down to date.

Fifth. A statement compiled by Mr. John Roberts, of the Bureau of Animal Industry of the Department of Agriculture, concerning meat production, consumption, and foreign trade in the United States, 1907–1920, as follows:

MEAT PRODUCTION, CONSUMPTION, AND FOREIGN TRADE IN UNITED STATES, 1907–1920.

The accompanying tables show the trend for the last 14 years of the production, exports, imports, and consumption of each of the various kinds of meat in the United States. The data are based on two kinds of slaughter reports—(1) the complete slaughter in the United States taken by the census for 1909, and (2) the Federally-inspected slaughter, the details of which are published annually by the Bureau of Animal Industry. The combination of these reports affords a means of estimating the total slaughter from year to year. These estimates can not be made earlier than 1907, as that was the first year the Federal inspection was in operation on its present scale. Hence the tables begin with that year.

The slaughter reports referred to give results only in numbers slaughtered of each kind of animals. Average dressing percentages and average carcass weights are provided in order to convert the live animals into meat equivalents. An annual determination of these factors is necessary, because in some cases, especially with cattle and swine, the average carcass weights vary considerably from one year to the next.

The data throughout are computed from a dressed-weight basis. The edible offal (liver, pluck, etc.) is not included in the dressed weights and so is disregarded. In the aggregate it represents a large quantity of edible material, but it is more than offset by the bones and waste trimmings of the dressed carcasses. The figures in the tables, therefore, represent approximately actual meat. Lard is estimated separately from the dressed weights of swine.

The foreign-trade figures in the tables are taken from the December report of the Department of Commerce, which gives the calendar-year totals.

NOTE.—Slight changes have been made in the per capita consumption figures published previously for the years 1914 to 1919, inclusive. These changes have been caused by the corrections in the census-population figures following the taking of the 1920 census.

Number of animals slaughtered annually under Federal inspection and estimated number slaughtered otherwise (including farm) in United States.

Calendar year.	Cattle.	Calves.	Sheep and lambs.	Goats.	Swine.
1907—Federally inspected	7,633,365	2,024,387	10,252,070	56,750	[illegible]
Other	5,836,500	4,002,400	3,048,500	104,300	[illegible]
Total	13,469,900	6,026,800	13,300,600	161,000	[illegible]
1908—Federally inspected	7,279,260	1,958,273	10,304,666	42,981	[illegible]
Other	5,565,700	3,871,600	3,064,100	78,900	[illegible]
Total	12,845,000	5,829,900	13,368,800	121,900	[illegible]
1909—Federally inspected	7,713,807	2,189,017	11,350,349	100,659	[illegible]
Other	5,897,615	4,326,959	3,374,350	184,894	[illegible]
Total	13,611,422	6,515,976	14,724,699	285,563	[illegible]
1910—Federally inspected	7,807,600	2,238,587	11,408,020	100,379	[illegible]
Other	5,733,000	4,314,000	3,392,200	184,400	[illegible]
Total	13,540,600	6,552,600	14,800,200	284,800	[illegible]
1911—Federally inspected	7,619,096	2,183,533	14,020,446	38,891	[illegible]
Other	5,339,000	4,081,000	4,169,100	71,400	[illegible]
Total	12,958,100	6,264,500	18,189,500	110,300	[illegible]
1912—Federally inspected	7,252,378	2,277,946	14,979,265	72,894	[illegible]
Other	4,726,600	4,070,100	4,454,100	133,900	[illegible]
Total	11,979,000	6,348,000	19,433,400	206,800	[illegible]
1913—Federally inspected	6,978,361	1,902,414	14,405,759	75,655	[illegible]
Other	4,499,200	3,382,100	4,283,600	138,900	[illegible]
Total	11,477,600	5,284,500	18,689,400	214,600	[illegible]
1914—Federally inspected	6,756,737	1,696,962	14,229,343	175,906	[illegible]
Other	4,247,800	2,964,400	4,231,200	323,100	[illegible]
Total	11,004,500	4,661,400	18,460,500	499,000	[illegible]
1915—Federally inspected	7,153,395	1,818,702	12,211,765	153,346	[illegible]
Other	3,668,700	2,820,800	3,631,200	281,700	[illegible]
Total	10,822,100	4,639,500	15,843,000	435,000	[illegible]
1916—Federally inspected	8,310,458	2,367,303	11,941,366	198,909	[illegible]
Other	3,716,200	3,406,600	3,550,800	365,400	[illegible]
Total	12,026,700	5,773,900	15,492,200	564,300	[illegible]
1917—Federally inspected	10,350,052	3,142,721	9,344,994	165,660	[illegible]
Other	3,373,800	3,888,000	2,778,800	304,300	[illegible]
Total	13,723,900	7,030,700	12,123,800	470,000	[illegible]
1918—Federally inspected	11,828,549	3,456,393	10,319,877	137,725	[illegible]
Other	3,921,900	4,310,800	3,065,200	252,400	[illegible]
Total	15,750,400	7,767,200	13,385,100	390,100	[illegible]
1919—Federally inspected	10,089,984	3,969,019	12,691,117	87,380	[illegible]
Other	3,545,100	5,072,000	3,769,500	160,100	[illegible]
Total	13,635,100	9,041,000	16,460,600	247,500	[illegible]
1920—Federally inspected	8,608,691	4,058,370	10,982,180	42,477	[illegible]
Other	3,567,400	5,604,400	3,265,600	78,000	[illegible]
Total	12,176,400	9,662,800	14,247,800	120,500	[illegible]

A few horses are slaughtered under the Federal inspection, and probably more otherwise, the flesh being mostly used to feed wild animals in zoological gardens, menageries, etc. The Federal inspection of horses commenced in September, 1919, and 433 were slaughtered up to the end of the year. During 1920 the number slaughtered was 894. A large proportion of the inspected horseflesh is exported.

Estimated annual production, exports, imports, and consumption of beef in United States.

Calendar year.	Slaughter.			Exports.	Imports (less re-exports).	Consumption.	
	Total.	Federally inspected.	Other.			Total.	Per capita.
	Million pounds.	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Pounds.*
1907	7,320	4,336	2,984	352	....	6,968	79.7
1908	6,676	3,955	2,721	228	....	6,448	72.4
1909	7,071	4,199	2,882	163	....	6,908	76.2
1910	7,323	4,240	3,083	110	....	7,313	78.1
1911	7,036	4,137	2,899	92	....	6,944	73.9
1912	6,509	3,938	2,571	56	....	6,453	67.5
1913	5,913	3,595	2,318	47	38	5,904	60.8
1914	5,639	3,601	2,038	95	265	5,809	58.9
1915	5,816	3,979	1,837	399	110	5,527	55.6
1916	6,118	4,362	1,756	287	20	5,851	58.1
1917	6,686	5,169	1,517	376	29	6,339	62.0
1918	7,641	5,885	1,756	728	112	7,025	67.8
1919	6,571	4,993	1,578	314	43	6,300	60.0
1920	6,111	4,451	1,660	164	53	6,000	56.4

The trend of beef production, which was especially high in 1907 and 1910, declined steadily from the last-named year until the advent of the World War. The war production culminated in 1918 with the largest total on record. The effort, however, to some extent depleted the resources of the producers, and with other causes brought about a reaction during 1919 and 1920.

Exports of beef at one time formed a large and important branch of our foreign trade, but by 1913 they had largely disappeared and foreign beef began to come in. The exports were large from 1915 to 1918 solely because of the war needs and have since fallen away very noticeably.

Imports of meat previous to 1913 were so small that they were not enumerated separately in the commerce reports. Imports of beef in 1914, however, were quite considerable. At this period the sources of cheap beef in the Southern Hemisphere, especially Argentina, had developed enormously, and they had, in fact, supplanted the United States in the overseas trade with Europe.

Consumption of beef, as seen in the table, was at the lowest point in 1915, shortly after the advent of the World War. Restricted supply and high prices brought the next lowest consumption per head in 1920.

Estimated annual production, exports, and consumption of veal in United States.

Calendar year.	Slaughter.			Consumption.	
	Total.	Federally inspected.	Other.	Total.	Per capita.
	Million pounds.	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Pounds.*
1907	626	210	416	626	7.1
1908	605	203	402	605	6.8
1909	684	230	454	684	7.5
1910	687	235	452	687	7.4
1911	657	229	428	657	7.0
1912	668	239	429	668	7.0
1913	488	176	312	488	5.0
1914	433	158	275	433	4.4
1915	428	168	260	428	4.3
1916	536	220	316	536	5.3
1917	662	296	366	662	6.5
1918	726	323	403	726	7.0
1919	851	373	478	851	8.1
1920	909	382	527	909	8.5

Veal production, as a rule, follows that of beef. The unusually large slaughter in the last two years, however, contrasts rather curiously with the considerable decline in cattle slaughter in the same period. It is accounted for partly by the droughty conditions in the West, which induced heavy marketings of young stock during 1919 and the relatively higher prices for calf products in 1920.

Country slaughter of veal is proportionately much larger than for any other class of animals. The Federally-inspected slaughter of calves in 1909 was about one-third of the total slaughter; and, although it is increasing, it is estimated to be still well below one-half of the total.

The consumption of veal corresponds to the production, as there are no imports or exports recorded. The per capita consumption for the whole period has averaged close to 7 pounds per annum. It was lowest in 1915 (4.3 pounds) and highest in 1920 (8.5 pounds).

Estimated annual production, exports, imports, and consumption of mutton and lamb in United States.

Calendar year.	Slaughter.			Exports.	Imports (less re-exports).	Consumption.	
	Total.	Federally inspected.	Other.			Total.	Per capita.
	Million pounds.	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Pounds.*
1907	559	431	128	1	....	558	[illegible]
1908	555	428	127	1	....	554	[illegible]
1909	604	466	138	2	....	602	[illegible]
1910	600	463	137	2	....	598	[illegible]
1911	738	569	169	3	....	735	[illegible]
1912	788	608	180	5	....	783	[illegible]
1913	738	569	169	5	1	734	[illegible]
1914	720	555	165	4	20	736	[illegible]
1915	626	482	144	4	12	634	[illegible]
1916	612	472	140	5	16	623	[illegible]
1917	473	364	109	3	6	476	[illegible]
1918	522	402	120	2	1	521	[illegible]
1919	626	482	144	3	8	631	[illegible]
1920	556	428	128	4	101	653	[illegible]

The production and consumption of mutton and lamb is very small in comparison with beef and pork. It averages only about one-tenth of beef and one-twelfth of pork. The table shows the production of mutton and lamb to have been greatest from 1911 to 1914, in each of which years it exceeded 700,000,000 pounds. The year of lowest production was 1917, when the yield was only 473,000,000 pounds. Since 1917 the trend was upward for two years but declined again in 1920.

The proportion of Federal-inspected slaughter is greater with sheep and lambs than with any other class of live stock. Nearly four-fifths of the total mutton and lamb produced is inspected in establishments having Government supervision.

Normally, there is very little foreign trade in mutton or lamb, but last year saw a new departure in heavy imports of Australasian product. These imports amounted to nearly one-fifth of the total production.

The table shows the per capita consumption ranging between 8.2 pounds (highest) in 1912 and 4.7 pounds (lowest) in 1917. There has been a steady rise in the last three years.

Estimated annual production, exports, imports, and consumption of pork and lard in United States.

PORK.

Calendar year.	Slaughter.			Exports.	Imports (less re-exports).	Consumption.	
	Total.	Federally inspected.	Other.			Total.	Per capita.
	Million pounds.	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Pounds.*
1907	7,491	4,420	3,071	1,014	....	6,477	74.1
1908	8,226	4,853	3,373	619	....	7,607	85.4
1909	6,690	3,946	2,744	472	....	6,218	68.6
1910	5,881	3,470	2,411	313	....	5,568	60.3
1911	7,511	4,481	3,080	456	....	7,055	75.1
1912	7,189	4,242	2,947	440	....	6,749	70.6
1913	7,492	4,420	3,072	456	3	7,039	72.5
1914	7,228	4,264	2,964	377	38	6,889	69.9
1915	8,050	4,749	3,801	906	7	7,151	72.0
1916	8,634	5,196	3,448	1,011	2	7,625	75.7
1917	6,901	4,071	2,830	943	10	5,968	58.4
1918	9,137	5,391	3,746	1,724	97	7,510	72.5
1919	9,269	5,469	3,800	1,897	11	7,383	70.3
1920	8,470	4,996	3,474	925	6	7,551	71.0

LARD.

Calendar year.	Total.	Federally inspected.	Other.	Exports.	Imports (less re-exports).	Consumption total.	Per capita.
1907	1,693	993	690	589	....	1,094	12.5
1908	1,834	1,094	760	582	....	1,272	14.3
1909	1,506	888	618	458	....	1,048	11.6
1910	1,344	793	551	379	....	965	10.5
1911	1,717	1,013	704	605	....	1,112	11.8
1912	1,643	969	674	553	....	1,090	11.4
1913	1,713	1,011	702	575	....	1,138	11.7
1914	1,652	975	677	460	....	1,192	12.1
1915	1,840	1,086	754	487	....	1,353	13.6
1916	1,973	1,164	809	454	....	1,519	15.1
1917	1,577	930	647	383	....	1,194	11.7
1918	2,089	1,233	856	555	....	1,534	14.8
1919	2,119	1,250	869	784	....	1,335	12.7
1920	1,936	1,142	794	636	....	1,300	12.2

It is well known that the hog industry is subject to rather violent changes due to the economic situation and the character of the corn crop in a given year. This is illustrated in the tables, in which it may be seen there are three lean years, viz, 1909, 1910, and 1917. The shortage in 1909 and 1910 was due to the failure of the corn crop, and that of 1917 is attributed to overmarketing, including breeding stock, in the preceding year, due mostly to the attraction of high war prices. The enormous productions in 1918 and 1919 evidence a remarkable recovery, which would have been impossible with any other class of live stock than the prolific and quick-maturing hog. The production in 1920 probably suffered somewhat from the heavy marketings of the previous year.

The exports of pork products, excluding lard, in 1920 indicate a return to normal proportions as compared with the enormous war-time shipments of the previous two years. The reversal was no doubt aided by the shorter production and by the international economic conditions.

Regarding the exports of lard, it may be noted that those of the war period did not exceed the prewar totals as did those of other pork products. Lard exports have been large for a long period of years; in fact, the American lard hog has never had a competitor in the world's markets. It is, nevertheless, rather surprising to note that the lard exports of 1911 to 1913 were larger even than those of the years from 1915 to 1918. This is explained by the fact that the Central Powers, especially Germany, as well as the continental European neutrals, were large consumers of our lard, and the loss of this trade affected the totals until 1919, when foreign shipments were the largest in history. The lard exports were very large also in 1920, although those of other products fell off fully 50 per cent.

The largest quantity of pork products consumed within a year occurred in 1916, and the next highest figures were in 1908 and 1918. The smallest consumption occurred in 1910 and 1917, in which years the production, as before stated, was much below normal. The per capita consumption was highest in 1908 and lowest in 1917. The difference between these two years shows the wide margin of 28 pounds, but it may be stated that the unusually low figure in 1917 was caused not only by the short production but also in large measure by the high prices and the need of conserving a scarce supply for export.

Estimated annual production, exports, imports, and consumption of all meats[1] (excluding lard) in United States.

Calendar year.	Slaughter.			Exports.	Imports (less re-exports).	Consumption	
	Total.	Federally inspected.	Other.			Total.	Per capita
	Million pounds.	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Pounds*
1907	16,003	9,399	6,604	1,367	....	14,636	[illegible]
1908	16,067	9,441	6,626	848	....	15,219	[illegible]
1909	15,060	8,835	6,225	637	....	14,423	[illegible]
1910	14,502	8,412	6,090	412	....	14,090	[illegible]
1911	15,946	9,368	6,578	534	....	15,412	[illegible]
1912	15,162	9,030	6,132	486	....	14,676	[illegible]
1913	14,640	8,763	5,877	507	41	14,174	[illegible]
1914	14,039	8,585	5,454	475	323	13,887	[illegible]
1915	14,937	9,384	5,553	1,309	129	13,757	[illegible]
1916	15,922	10,248	5,674	1,304	38	14,656	[illegible]
1917	14,740	9,906	4,834	1,322	44	13,462	[illegible]
1918	18,041	12,006	6,035	2,454	210	15,797	[illegible]
1919	17,326	11,320	6,006	2,215	62	15,173	[illegible]
1920	16,051	10,259	5,792	1,093	160	15,118	[illegible]

[1] Includes small quantity of goat meat not given separately.

The figures in the table above are merely the addition of the various meats in the previous tables plus a small quantity of goat meat. The latter, however, furnishes only about one-tenth of a pound per capita of the total meat consumption in the country.

It may be seen from the last table that the banner year in meat production was 1918, when a little over 18,000,000,000 pounds were produced. Two-thirds of this meat was examined and certified as fit for human food by Federal inspectors. One-third, or 6,000,000,000 pounds, was subject to State or local inspection, or no inspection at all, and practically all of this was slaughtered and consumed within State boundaries. During the last two years the production has fallen off at the rate of about 1,000,000,000 pounds a year. But because of the decrease in exports there was little change in the consumption totals of 1919 and 1920.

NOTE.—Any conflict or disparity in the figures of the foregoing tables and those contained in Mr. Roberts's report doubtless arise from the different periods, i. e., whether the fiscal year or the calendar year is used, or the difference in the classes of animals or products. They all originate from the same source.

Sixth. Statements issued by the Bureau of the Census in June, 1921, show the number of cattle, swine, sheep, and goats on farms in the United States on January 1, 1920, as compared with April 15, 1910, as follows: These figures do not include a number of animals in village barns and elsewhere other than on farms which, as shown by the Bureau of the Census, numbered on January 1, 1920, 2,111,928 cattle and 1,220,564 dairy cows, and on April 15, 1910, 1,878,782 cattle and 1,170,338 dairy cows.

CATTLE ON FARMS IN THE UNITED STATES.

WASHINGTON, D. C., *June 8, 1921.*

The Bureau of the Census, of the Department of Commerce, announces, subject to correction, the following preliminary figures from the 1920 census of agriculture for the United States, with comparative figures for 1910:

Cattle on farms in the United States: 1920 and 1910.

'attle on farms Jan. 1, 1920, total number	66, 810, 836
Beef cattle, total	35, 424, 458
Calves under 1 year of age	8, 631, 631
Heifers 1 year old and under 2 years	3, 980, 343
Cows and heifers 2 years old and over	12, 644, 018
Steers 1 year old and under 2 years	4, 697, 147
Steers 2 years old and over	4, 611, 763
Bulls 1 year old and over	777, 704
Unclassified	81, 852
Dairy cattle, total	31, 386, 378
Calves under 1 year of age	6, 904, 586
Heifers 1 year old and under 2 years	4, 057, 644
Cows and heifers 2 years old and over	19, 671, 777
Bulls 1 year old and over	752, 371
ittle on farms Apr. 15, 1910, total number	61, 803, 866
Spring calves	7, 806, 539
Cattle born before Jan. 1, 1910	53, 997, 327

The number of cattle on farms in the United States on January 1, 1920, cording to the Fourteenth Census, was 66,810,836. This number included ,424,458 beef cattle (cattle kept mainly for beef production) and 31,386,378 iry cattle (cattle kept mainly for milk production).

BEEF AND DAIRY CATTLE.

The beef cattle included 8,631,631 calves under 1 year of age, 3,980,343 year-g heifers, 12,644,018 cows and heifers 2 years old and over, 4,697,147 yearling ers, 4,611,763 steers 2 years old and over, 777,704 bulls 1 year old and over, d 81,852 cattle not classified by age or sex.

The dairy cattle included 6,904,586 calves under 1 year of age, 4,057,644 arling heifers, 19,671,777 cows and heifers 2 years old and over, and 752,371 lls 1 year old and over.

COMPARISON WITH 1910.

The number of cattle reported at the census of 1910 was 61,803,866, but the nge in the date of enumeration, from April 15 in 1910 to January 1 in 1920, ist be taken into account in making any comparisons between the two years. e 1920 census, taken as of January 1, was too early to include any spring ves, while the 1910 census, taken as of April 15, included 7,806,539 calves rn between January 1 and April 15, 1910, or probably more than one-half of calves born in the spring of that year. On the other hand, the cattle umerated as of January 1, 1920, included large numbers of animals destined be slaughtered or marketed before April 15.

The relative importance of these two factors resulting from the change in the te of enumeration varies from State to State. In some States the number of ves born in the first three and one-half months of the year would greatly ved the number of cattle slaughtered or sent to market, while in other ites the number of cattle slaughtered during this period might almost offset number of calves born.

For the United States as a whole, the total number of cattle reported for 20 exceeds the total number in 1910 by 5,006,970. The actual increase, after allowance has been made for the effects of the change in date of enumera-n, is doubtless more than this, but less than the difference between the mber of cattle in 1910, excluding spring calves, and the number of cattle in 20.

STATES RANKING HIGHEST IN CATTLE.

Five States reported more than 3,000,000 cattle on farms for January 1, 20, as follows: Texas, 6,249,443; Iowa, 4,567,708; Nebraska, 3,167,279; Wis-sin, 3,050,829; and Minnesota 3,021,469. The States reporting the largest mbers of dairy cows 2 years old and over were Wisconsin with 1,795,122; w York, with 1,481,918; and Minnesota, with 1,229,179, no other State re-rting as many as 1,000,000 dairy cows 2 years old and over.

Number of cattle on farms in the United States, by geographic divisions and States: 1920 and 1910.

Division or State.	. 1, 1920. Dairy cattle. Total.	Calves under 1 year of age.	Heifers 1 year old and under 2 years.	Cows and heifers 2 years old and over.	Bulls 1 year old and over.	Number of cattle on farms Apr. 15, 1910.
United States...	31,386,378	6,904,586	4,067,644	19,671,777	752,371	61,803,866
Geographic divisions:						
New England.....	1,231,491	183,934	172,711	842,928	31,918	1,336,550
Middle Atlantic...	3,546,028	519,810	429,707	2,486,701	109,810	4,232,521
East North Centra	7,810,223	1,549,446	1,034,014	5,032,552	194,211	9,819,097
West North Centr	7,509,142	1,820,708	977,747	4,512,861	197,826	17,647,714
South Atlantic...	2,620,400	546,442	339,796	1,676,471	57,691	4,839,321
East South Centra	2,839,966	758,524	353,085	1,677,992	50,365	3,942,526
West South Centr	3,347,295	966,093	416,799	1,901,544	62,859	10,721,012
Mountain.........	1,043,646	270,680	134,866	619,581	18,519	6,060,725
Pacific...........	1,438,187	288,949	198,919	921,147	29,172	3,204,400
New England:						
Maine............	267,273	43,898	41,596	175,425	6,354	256,523
New Hampshire..	145,376	22,462	25,206	95,997	3,691	167,631
Vermont..........	421,280	64,147	55,521	290,122	11,490	430,314
Massachusetts....	206,010	26,618	26,513	147,331	5,548	252,416
Rhode Island.....	28,813	3,183	3,483	21,431	716	34,148
Connecticut.......	162,739	23,606	22,392	112,622	4,119	195,318
Middle Atlantic:						
New York........	2,081,074	291,721	248,164	1,481,918	59,271	2,423,003
New Jersey.......	172,693	18,764	17,635	130,497	5,797	222,999
Pennsylvania....	1,292,261	209,326	163,908	874,286	44,742	1,586,519
East North Central:						
Ohio.............	1,349,373	261,008	171,426	888,057	28,887	1,827,607
Indiana..........	946,401	200,248	118,662	608,211	19,285	1,363,016
Illinois..........	1,510,611	315,639	193,660	957,966	43,122	2,440,577
Michigan.........	1,240,355	269,311	165,871	783,176	22,497	1,497,823
Wisconsin........	2,763,483	503,250	384,696	1,795,122	80,410	2,080,074
West North Central:						
Minnesota.....	2,[illegible],627	479,210	[illegible],279	1,229,179	[illegible]	2,347,436
Iowa	1,619,[illegible]	[illegible]	[illegible]	[illegible]	[illegible],307	4,448,[illegible]

											60,380	370,707	17,101	743,762
South Dakota	3,374,763	1,818,784	600,511	222,155	574,600	246,045	263,718	34,102	555,970	133,707	70,441	338,253	13,515	1,535,276
Nebraska	3,167,270	3,470,779	683,546	203,630	828,703	320,345	286,068	50,270	696,500	158,864	78,604	440,838	18,194	2,932,350
Kansas	2,975,390	2,045,037	542,210	240,809	672,023	283,362	202,709	44,368	929,753	227,431	107,010	574,257	21,055	3,079,403
South Atlantic:														
Delaware	46,509	1,752	416	162	749	142	214	69	44,757	5,141	4,852	33,026	1,738	54,986
Maryland	283,377	53,666	6,177	3,308	10,396	8,414	23,272	2,099	229,711	31,345	26,565	161,972	9,829	287,751
District of Columbia	965	19	3	3	10	3	....	....	946	118	95	704	29	962
Virginia	914,674	403,985	103,090	42,214	61,156	76,201	114,930	6,395	510,689	88,952	59,894	357,880	8,963	859,067
West Virginia	587,462	332,441	91,696	45,553	71,664	63,191	55,352	4,985	255,021	41,558	28,608	181,206	3,649	620,288
North Carolina	644,779	182,702	56,306	24,492	58,136	20,289	19,003	4,476	462,077	99,222	64,334	290,223	8,298	700,861
South Carolina	435,462	117,386	29,683	15,302	49,428	7,797	10,496	4,680	318,076	81,835	40,822	188,305	7,114	389,882
Georgia	1,157,432	478,940	103,315	64,886	214,300	45,063	35,997	15,379	678,492	175,276	96,387	391,514	15,315	1,080,316
Florida	638,981	518,350	78,700	53,383	261,931	41,180	35,294	8,362	120,631	27,995	18,239	71,641	2,756	845,188
East South Central:														
Kentucky	1,093,453	433,659	129,036	55,362	79,318	92,743	70,073	7,127	659,794	137,312	73,571	441,346	7,565	1,000,937
Tennessee	1,161,846	492,486	155,996	64,345	95,373	96,028	71,609	9,135	669,360	165,877	79,595	415,128	8,760	996,529
Alabama	1,044,008	322,434	71,693	42,117	128,350	35,971	35,191	9,112	721,574	214,219	97,051	394,112	16,192	932,428
Mississippi	1,250,479	461,241	110,197	57,063	204,619	39,628	39,625	10,109	789,238	241,116	102,868	427,406	17,848	1,012,632
West South Central:														
Arkansas	1,072,966	345,806	86,791	43,466	119,843	50,011	39,531	6,164	727,160	198,445	101,182	415,507	12,026	1,028,071
Louisiana	804,241	487,709	100,343	63,856	252,662	31,259	30,276	9,313	316,532	92,886	40,754	176,936	5,956	804,795
Oklahoma	2,087,049	1,265,317	306,188	155,290	494,080	147,544	137,119	25,096	821,732	235,306	105,835	464,556	16,035	1,953,560
Texas	6,249,443	4,767,572	906,738	400,737	2,198,525	444,326	692,764	122,476	1,481,871	439,456	169,028	844,545	28,842	6,934,586
Mountain:														
Montana	1,268,516	1,057,418	275,564	130,705	384,148	118,516	108,544	16,423	211,098	54,422	25,844	127,581	3,251	943,147
Idaho	714,903	512,512	129,276	63,508	187,006	71,976	49,740	8,678	202,391	56,207	27,616	115,336	3,232	453,807
Wyoming	873,729	814,386	206,541	92,951	298,840	84,394	118,348	13,312	59,343	16,615	6,893	34,933	902	767,427
Colorado	1,756,616	1,434,423	325,033	162,545	529,186	191,701	200,026	25,932	322,193	81,447	41,513	192,234	6,999	1,127,737
New Mexico	1,300,335	1,237,541	249,545	127,748	664,329	67,242	97,446	31,231	62,794	15,779	8,022	37,805	1,188	1,081,663
Arizona	821,918	768,197	153,137	76,497	429,480	41,165	41,819	22,774	53,721	13,293	7,768	31,619	1,041	824,929
Utah	505,578	397,563	94,528	53,825	175,128	41,917	24,557	7,608	108,015	25,794	14,077	66,724	1,420	412,334
Nevada	356,390	332,299	69,557	44,597	145,363	35,356	30,971	6,455	24,091	7,123	3,133	13,349	486	449,681
Pacific:														
Washington	572,644	193,819	51,062	24,045	64,924	26,861	23,668	3,259	378,825	80,990	51,365	238,270	8,200	402,120
Oregon	851,108	570,697	134,748	72,193	225,708	66,380	61,113	10,555	280,411	57,840	36,011	180,462	6,098	725,256
California	[illegible],068,037	1,229,086	242,315	134,220	441,059	158,310	232,267	20,915	778,951	150,119	111,543	502,415	14,874	2,077,025

[1] The United States total includes 81,852 cattle not classified by age or sex. This number is distributed by States as follows: South Dakota, 8,563; Nebraska, 2,612; Florida, 39,500; Texas, 2,006; Montana, 23,518; Idaho 2,328; and Arizona, 3,325.

Swine on Farms in the United States.

Washington, D. C., *June 4, 1921.*

The Bureau of the Census of the Department of Commerce announces, subject to correction, the following preliminary figures from the 1920 census of agriculture for the United States, with comparative figures for 1910:

Swine on farms in the United States, 1920 and 1910.

Swine on farms Jan. 1, 1920, total number	59,368,167
Pigs under 6 months old	26,237,924
Sows and gilts for breeding, 6 months old and over	11,445,239
Boars for breeding, 6 months old and over	934,553
All other hogs, 6 months old and over	20,750,451
Swine on farms Apr. 15, 1910	58,185,676

The number of swine on farms in the United States on January 1, 1920, according to the Fourteenth Census, was 59,368,167. This number includes 26,237,924 pigs under 6 months old on that date, 11,445,239 sows and gilts 6 months old and over kept for breeding purposes, 934,553 boars kept for breeding purposes, and 20,750,451 other hogs 6 months old and over.

The number of swine reported at the 1910 census was 58,185,676, but the change in the date of enumeration from April 15 in 1910 to January 1 in 1920 must be taken into consideration in making any comparisons between the two years. The 1920 census, taken in January, was too early to include any spring pigs, while the 1910 census, taken in April (beginning Apr. 15), probably included more than half of the "crop" of spring pigs. On the other hand, a farm census taken in January would include large numbers of hogs destined for sale or slaughter before April 15.

The relative importance of these two factors resulting from the change in the date of enumeration varies from State to State. In those States where the number of pigs born in the first three and a half months of the year is greater than the number of hogs slaughtered or marketed, the 1910 figures, relating to April 15, are too large for a fair comparison with the number of swine on hand January 1, 1920—as much too large as the number of pigs born between January 1 and April 15 exceeds the number of hogs sold or slaughtered during the same period. On the other hand, if in any State the number of swine slaughtered or sent to market between January 1 and April 15 were greater than the number of pigs born during the same period, the 1910 figures would be too small for a fair comparison with the 1920 figures.

Arranging the States in order of the number of hogs and pigs reported, it appears that the following States stood at the head of the list (and in the same order) both in 1920 and in 1910: Iowa, with 7,864,304 swine on farms in 1920; Illinois, with 4,640,447; Missouri, with 3,888,677; Indiana, with 3,757,135; Nebraska, with 3,441,917; and Ohio, with 3,083,846. These six States are the only ones which reported more than 3,000,000 swine in 1920.

Kansas ranked seventh in 1910, but showed a decided falling off in 1920. This was accompanied by a marked decrease in the acreage and production of corn and a corresponding increase in wheat and oats, and doubtless indicates a change in type of farming. A similar situation prevails in Oklahoma, which also shows a considerable decrease in the number of swine reported for 1920 as compared with 1910. Most of the Mountain States, on the other hand, show a decided increase in the number of hogs on farms.

Number of swine on farms in the United States, by geographic divisions and States 1920 and 1910.

Division or State.	Swine on farms Jan. 1, 1920. Total.	Pigs under 6 months old.	Sows and gilts for breeding, 6 months old and over.	Boars for breeding, 6 months old and over.	All other hogs, 6 months old and over.	Swine on farms Apr. 15, 1910.
United States	59,368,167	26,237,924	11,445,239	934,553	20,750,451	58,185,676
Geographic divisions:						
New England	383,752	219,624	57,224	6,834	100,070	396,642
Middle Atlantic	1,955,982	1,161,410	279,037	32,586	482,949	1,790,821
East North Central	14,184,054	7,371,160	2,645,914	230,954	3,936,026	14,461,059
West North Central	21,699,968	6,830,783	4,970,042	363,436	9,535,707	21,281,509
South Atlantic	6,537,392	3,454,254	1,049,190	103,967	1,929,981	5,963,920
East South Central	6,206,942	3,045,326	918,442	71,322	2,171,852	5,438,606
West South Central	5,766,535	2,885,354	1,090,946	85,352	1,704,883	7,021,945
Mountain	1,192,745	538,373	214,194	18,520	421,658	640,911
Pacific	1,440,797	731,640	220,250	21,582	467,325	1,190,263
New England:						
Maine	91,204	53,036	12,414	1,553	24,201	87,156
New Hampshire	41,655	25,053	5,765	754	10,083	45,237
Vermont	72,761	46,386	10,779	1,087	14,509	94,821
Massachusetts	104,192	53,757	17,742	2,042	30,651	103,018
Rhode Island	12,869	6,833	1,701	261	4,074	14,038
Connecticut	61,071	34,559	8,823	1,137	16,552	52,372
Middle Atlantic:						
New York	600,560	379,413	90,368	8,898	121,881	666,179
New Jersey	139,222	74,817	21,174	2,659	40,572	147,005
Pennsylvania	1,216,200	707,180	167,495	21,029	320,496	977,637
East North Central:						
Ohio	3,083,846	1,888,040	493,603	44,823	657,380	3,105,627
Indiana	3,757,135	2,171,143	636,025	59,888	890,079	3,613,906
Illinois	4,640,447	1,887,313	929,823	77,271	1,746,040	4,686,362
Michigan	1,106,207	686,866	184,577	14,302	220,462	1,245,833
Wisconsin	1,596,419	737,798	401,886	34,670	422,065	1,809,331
West North Central:						
Minnesota	2,380,862	627,745	617,538	52,436	1,083,143	1,520,257
Iowa	7,864,304	2,116,191	1,937,351	124,981	3,685,781	7,545,853
Missouri	3,888,677	1,937,526	677,481	57,665	1,216,005	4,438,194
North Dakota	458,265	133,870	126,760	11,614	186,021	331,603
South Dakota	1,932,741	377,474	545,248	37,635	972,384	1,009,721
Nebraska	3,441,917	814,078	783,207	53,858	1,790,774	3,435,724
Kansas	1,733,202	823,899	282,457	25,247	601,599	3,000,157
South Atlantic:						
Delaware	38,621	21,814	4,602	603	11,602	49,260
Maryland	306,452	181,938	41,320	6,042	77,152	301,583
District of Columbia	1,331	540	295	42	454	665
Virginia	941,374	576,119	119,472	14,613	231,170	797,635
West Virginia	305,211	192,818	44,661	5,109	62,603	328,188
North Carolina	1,271,270	642,121	180,954	20,653	427,542	1,227,625
South Carolina	846,997	402,546	128,483	13,477	302,491	665,211
Georgia	2,070,655	1,053,285	363,239	30,813	623,318	1,783,684
Florida	755,481	383,053	166,164	12,615	193,649	810,069
East South Central:						
Kentucky	1,504,431	819,043	218,714	16,408	450,266	1,491,816
Tennessee	1,832,307	950,487	253,629	19,662	608,529	1,387,938
Alabama	1,496,893	679,910	228,281	19,373	569,329	1,266,733
Mississippi	1,373,311	595,886	217,818	15,879	543,728	1,292,119
West South Central:						
Arkansas	1,378,091	699,946	266,185	15,574	396,386	1,518,947
Louisiana	850,562	384,450	196,955	14,527	254,630	1,327,605
Oklahoma	1,305,108	687,714	234,990	21,016	361,388	1,839,030
Texas	2,232,774	1,113,244	392,816	34,235	692,479	2,336,363
Mountain:						
Montana	167,060	69,509	33,975	3,000	60,576	99,261
Idaho	240,030	106,500	43,084	3,040	87,406	178,346
Wyoming	72,278	29,920	14,152	1,264	26,942	33,947
Colorado	449,866	200,027	79,658	7,166	163,015	179,294
New Mexico	87,906	44,360	16,249	1,502	25,795	45,409
Arizona	49,599	24,935	9,811	843	14,010	17,208
Utah	99,361	51,224	13,170	1,184	33,783	64,286
Nevada	26,645	11,898	4,095	521	10,131	23,160
Pacific:						
Washington	264,747	138,128	42,910	4,782	78,927	206,135
Oregon	266,778	140,656	38,472	4,219	83,431	217,577
California	909,272	452,856	138,868	12,581	304,967	766,551

SHEEP AND GOATS ON FARMS IN THE UNITED STATES.

WASHINGTON, D. C., *June 15, 1921.*

The Bureau of the Census, of the Department of Commerce, announ[illegible] subject to correction, the following preliminary figures from the 1920 censu[illegible] of agriculture for the United States, with comparative figures for 1910.

Sheep and goats on farms in the United States, 1920 and 1910.

Sheep on farms Jan. 1, 1920, total number	34,984,5[illegible]
Lambs under 1 year of age	8,931,70[illegible]
Ewes 1 year old and over	23,462,6[illegible]
Rams 1 year old and over	826,37[illegible]
Wethers 1 year old and over	1,494,0[illegible]
Unclassified	269,7[illegible]
Sheep on farms Apr. 15, 1910, total number	52,447,8[illegible]
Spring lambs	12,803,8[illegible]
Sheep born before Jan. 1, 1910	39,644,0[illegible]
Goats on farms Jan. 1, 1920, total number	3,42[illegible]
Kids under 1 year of age, raised for fleeces	[illegible]
Goats 1 year old and over, raised for fleeces	1,56[illegible]
All other goats	1,32[illegible]
Goats on farms Apr. 15, 1910	2,915,1[illegible]

The number of sheep on farms in the United States on January 1, 19[illegible] according to the Fourteenth Census, was 34,984,524. The number incl[illegible] 8,931,705 lambs under 1 year of age, 23,462,689 ewes 1 year old and o[illegible] 826,373 rams 1 year old and over, and 1,494,032 wethers 1 year old and over[illegible]

The number of goats reported for the same date was 3,426,506, includin[illegible] 530,763 kids under 1 year of age, raised for fleeces, 1,569,834 goats 1 year [illegible] age and over, raised for fleeces, and 1,325,909 other goats—goats and kid[illegible] all ages not kept for their fleeces.

COMPARISON WITH 1910.

The number of sheep reported at the census of 1910 was 52,447,861, but t[illegible] change in the date of enumeration from April 15 in 1910 to January 1 in 19[illegible] must be taken into account in making any comparisons between the two y[illegible] The 1920 census, taken as of January 1, was too early to include any sp[illegible] lambs, while the 1910 census, taken as of April 15, included 12,803,81[illegible] born between January 1 and April 15, 1910. On the other hand, the [illegible] enumerated as of January 1, 1920, included large numbers of animals de[illegible] to be slaughtered or marketed before April 15.

The relative importance of these two factors resulting from the change [illegible] the date of enumeration varies from State to State. In some States the nu[illegible] of lambs born during the first three and one-half months of the year w[illegible] greatly exceed the number of sheep and older lambs slaughtered or se[illegible] market, while in other States the number of sheep slaughtered during [illegible] period might almost offset the number of lambs born.

Taking as a basis of comparison the sheep reported in 1910, exclus[illegible] spring lambs, the figures for the United States as a whole show a decre[illegible] 4,659,522 sheep between 1910 and 1920. The actual decrease, however, a[illegible] due allowance has been made for sheep slaughtered as well as for sp[illegible] lambs, is considerably more than this, but less than the difference betw[illegible] the total number of sheep reported in 1910 and the number in 1920.

The total number of goats reported at the 1910 census was 2,915,12[illegible] compared with this figure, the number of goats reported for 1920 repre[illegible] a nominal increase of 511,381. The actual increase, after making allow[illegible] for the change in date of enumeration, is doubtless considerably less than [illegible]

RANK OF IMPORTANT STATES.

Six States reported more than 2,000,000 sheep on farms for January 1, [illegible] as follows: Texas, 2,552,412; California, 2,400,151; Idaho, 2,356,27[illegible]; [illegible] 2,102,550; Montana, 2,082,919; and Oregon, 2,002,378.

The States reporting the largest numbers of goats were Texas, with 1,[illegible] New Mexico, with 226,862; Arizona, with 161,124; Oregon, with 13[illegible] [illegible]kansas, with 123,800; Missouri, with 121,012; and California, with 11[illegible] These seven States are also among those reporting the largest number[illegible] goats kept for fleeces.

Division or State.	Sheep on farms Jan. 1, 1920. Total.[1]	Lambs under 1 year of age.	Ewes 1 year old and over.	Rams 1 year old and over.	Wethers 1 year old and over.	Sheep on farms Apr. 15, 1910.	Goats on farms Jan. 1, 1920. Total.	Kids under 1 year of age, raised for fleeces.	Goats 1 year old and over, raised for fleeces.	All other goats.	Goats on farms Apr. 15, 1910.
United States	34,984,524	8,931,705	23,462,689	826,373	1,494,032	52,447,861	3,426,506	530,763	1,569,834	1,325,909	2,915,125
Geographic divisions:											
New England	242,706	51,015	178,657	7,908	5,126	430,672	6,033	3,215	629	2,189	3,195
Middle Atlantic	1,100,864	262,612	728,752	31,483	78,017	1,844,057	7,064	373	733	5,958	7,588
East North Central	5,073,005	1,338,844	3,375,553	124,084	234,524	9,542,234	33,550	6,109	11,478	15,963	35,059
West North Central	4,940,408	1,532,471	3,190,395	109,495	72,410	5,065,009	150,011	17,914	58,181	73,916	113,215
South Atlantic	1,214,163	182,302	929,248	54,008	44,770	2,513,553	229,338	2,556	12,498	214,284	211,101
East South Central	1,318,349	195,095	1,017,315	63,786	42,153	2,496,221	325,698	8,918	19,984	296,796	198,647
West South Central	2,889,258	707,569	1,668,126	58,512	455,051	2,193,657	1,966,931	377,320	1,112,699	476,912	1,276,231
Mountain	13,179,463	3,341,964	9,017,221	270,663	319,312	22,770,291	451,607	67,257	193,174	191,176	737,644
Pacific	5,026,308	1,319,833	3,357,422	106,434	242,619	5,592,167	256,274	47,101	160,458	48,715	332,445
New England:											
Maine	119,471	23,660	90,049	3,967	1,795	206,434	476	49	62	365	582
New Hampshire	28,021	6,291	20,257	861	612	43,772	3,574	3,082	283	209	495
Vermont	62,756	12,940	47,088	1,895	833	118,551	124	26	61	37	261
Massachusetts	18,880	4,748	11,896	692	1,544	32,708	1,296	38	149	1,109	1,251
Rhode Island	2,736	684	1,814	104	134	6,789	116	6	22	88	106
Connecticut	10,842	2,692	7,553	389	208	22,418	447	14	52	381	500
Middle Atlantic:											
New York	578,726	152,124	400,402	14,000	12,200	930,300	2,580	127	308	2,145	3,475
New Jersey	10,471	2,129	7,773	383	186	30,683	642	12	15	615	574
Pennsylvania	511,667	108,359	320,577	17,100	65,631	883,074	3,842	234	410	3,198	3,539
East North Central:											
Ohio	2,102,550	536,023	1,336,429	42,623	187,475	3,909,162	4,027	88	398	3,541	5,379
Indiana	643,889	152,832	463,725	19,298	8,034	1,336,967	7,872	394	1,078	6,400	7,290
Illinois	639,819	183,902	420,122	20,766	15,029	1,059,846	10,553	1,781	4,840	3,932	12,435
Michigan	1,206,756	354,391	808,734	28,025	15,606	2,306,476	8,614	3,654	4,303	657	5,080
Wisconsin	479,991	111,696	346,543	13,372	8,380	929,783	2,484	192	859	1,433	4,875
West North Central:											
Minnesota	509,064	136,685	351,691	14,073	6,615	637,582	2,745	292	758	1,695	4,588
Iowa	1,092,095	359,754	691,288	26,121	14,932	1,145,549	10,526	443	1,808	8,275	20,664
Missouri	1,271,616	314,127	910,257	32,786	14,446	1,811,268	121,012	12,385	51,745	56,882	72,415
North Dakota	298,912	75,812	209,323	6,955	6,822	293,371	1,250	80	149	1,021	1,074

[1] The United States total includes 269,725 sheep not classified by age or sex. This number is distributed by States as follows: Nebraska, 35,637; Florida, 3,835; Idaho, 29,800; Wyoming, 62,850; Colorado, 54,022, and Arizona, 83,581.

Number of sheep and goats on farms in the United States, by geographic divisions and States: 1920 and 1910—Continued.

Division or State.	Sheep on farms Jan. 1, 1920.					Sheep on farms Apr. 15, 1910.	Goats on farms Jan. 1, 1920.				Goats on farms Apr. 15, 1910.
	Total.	Lambs under 1 year of age.	Ewes 1 year old and over.	Rams 1 year old and over.	Wethers 1 year old and over.		Total.	Kids under 1 year of age, raised for fleeces.	Goats 1 year old and over, raised for fleeces.	All other goats.	
West North Central—Continued.											
South Dakota	867,036	232,274	600,767	16,219	17,776	611,264	5,040	3,188	1,296	556	2,337
Nebraska	540,583	296,833	195,546	5,902	6,665	293,500	2,501	619	799	1,083	3,290
Kansas	361,102	116,986	231,523	7,439	5,154	272,475	6,937	907	1,626	4,404	8,847
South Atlantic:											
Delaware	3,220	703	2,331	129	57	7,806	91	11	51	29	88
Maryland	103,027	13,031	85,480	3,895	621	237,137	873	43	190	640	1,182
District of Columbia	10		8	2			7			7	
Virginia	345,151	41,061	286,070	15,656	2,364	804,873	9,126	556	1,847	6,723	7,327
West Virginia	509,831	82,858	392,790	15,722	18,461	910,360	7,003	1,202	3,341	2,460	5,748
North Carolina	90,556	17,459	65,562	5,214	2,321	214,473	23,912	129	290	23,493	35,019
South Carolina	24,294	4,627	16,293	1,954	1,420	37,559	31,952	47	175	31,730	24,750
Georgia	73,415	13,274	44,795	7,407	7,939	187,644	110,484	55	281	110,148	89,616
Florida	64,659	9,289	35,919	4,029	11,587	113,701	45,890	513	6,323	39,054	47,371
East South Central:											
Kentucky	707,845	88,452	583,997	28,864	6,532	1,363,013	35,045	1,298	4,409	29,338	29,869
Tennessee	364,196	59,922	281,774	17,770	4,730	795,033	73,228	7,139	13,782	52,307	43,560
Alabama	81,868	15,187	51,728	4,989	9,964	142,930	104,1[illegible]8	190	956	103,002	79,347
Mississippi	164,440	31,534	99,816	12,163	20,927	195,245	113,277	291	837	112,149	45,871
West South Central:											
Arkansas	100,159	22,352	68,882	5,104	3,821	144,189	123,800	4,713	15,121	103,966	58,294
Louisiana	129,816	22,522	81,658	7,271	18,365	178,287	91,249	165	904	90,180	57,102
Oklahoma	106,871	29,896	70,428	3,230	3,327	62,472	45,276	8,766	23,611	12,899	25,591
Texas	2,552,412	632,809	1,447,158	42,907	429,538	1,808,709	1,706,606	363,676	1,073,063	269,867	1,135,244
Mountain:											
Montana	2,082,919	509,400	1,468,732	32,736	72,051	5,380,746	1,282	184	601	497	5,046
Idaho	2,356,270	446,449	1,789,631	53,634	36,756	3,010,478	1,515	200	615	700	5,719
Wyoming	1,832,255	379,124	1,331,430	48,758	10,087	5,397,161	1,501	277	334	890	2,739
Colorado	1,813,255	844,568	876,416	25,084	13,165	1,426,214	28,688	1,398	4,995	22,295	31,011
New Mexico	1,640,475	375,958	1,172,525	28,345	63,647	3,346,984	226,862	34,655	97,478	94,729	412,050
Arizona	881,914	169,224	531,818	37,880	59,411	1,226,733	161,124	22,803	71,138	67,183	240,617
Utah	1,691,795	407,622	1,231,341	25,162	27,670	1,827,180	29,512	7,610	17,596	4,406	20,014
Nevada	880,540	200,619	616,322	10,084	36,575	1,154,795	1,123	230	417	470	4,849
Pacific:											
Washington	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2,110	[illegible]	[illegible]
Oregon	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
California	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

An examination of the Statistical Abstract of the United States and of the reports of the Bureau of Markets from time to time will show that the estimates that are made of the number each year between census periods are generally excessive and necessarily are mere estimates. The most accurate figures, therefore, are those issued by the Bureau of the Census. Any deductions drawn from the estimates of the Bureau of Markets from the years closest to the census dates should at least be modified accordingly. The estimates are doubtless the best that can be made from the data obtainable, and what I say is not said in a spirit of criticism, but merely to point out the fact.

The figures obtained from the markets as to the number inspected at the slaughtering establishments under Government inspection afford the best barometer of the live-stock supply converted into meat.

Seventh. I submit herewith a statement taken from the Interstate Commerce Commission's summary of freight commodities statistics of Class I roads for the quarter ended March 31, 1921, showing the revenue freight originating and the revenue freight carried in the western district by Class I roads, by number of carloads and the number of tons of the different commodities. As explained, this shows the importance of the live-stock business. It should be stated in this connection that the ton-miles are not given, because this record is not now kept in the reports given to the Interstate Commerce Commission. The statement does not therefore show the relative services performed, which, by reason of the longer distance movement of live stock than the average, is greater than the relative number of tons and carloads.

As stated by me in oral argument, the agricultural producer always pays the freight on his articles deducted from the account sales, and all of the commodities which move to him as a matter of common knowledge come with the freight added. This table will enable one to observe, therefore, the quantities that are moved where the freight is added and which the consumer has to pay. This would include agricultural implements, vehicles, and all of the other commodities which the farmer consumes. From this it results that the increased rate of freight during and since the war is a double burden upon agriculture. The statement is as follows:

Summary of freight commodity statistics of Class I roads for the quarter ended Mar. 31, 1921.

[Class I roads are those having annual operating revenues above $1,000,000, western district; average number of miles of road operated, 131,751.81.]

Commodity.	Revenue freight originating on respondent's road.		Total revenue freight carried.	
	Number of carloads.	Number of tons (2,000 pounds).	Number of carloads.	Number of tons (2,000 pounds).
PRODUCTS OF AGRICULTURE.				
heat	109,642	4,393,801	182,341	7,264,858
rn.	93,481	3,624,976	133,494	5,017,303
ts.	29,644	994,751	41,810	1,390,272
her grain	27,430	918,333	42,126	1,369,981
ur and meal	57,566	1,615,604	84,736	2,399,542
her mill products	42,086	1,031,314	61,971	1,518,258
..raw, and alfalfa	71,556	925,568	96,735	1,257,284
bacco	1,513	21,102	2,417	36,115
tton	37,810	517,416	71,086	1,015,937
..seed and products, except oil	32,834	797,341	46,367	1,136,390
rus fruits	12,588	220,175	49,969	864,642
her fresh fruits	11,172	178,058	34,795	530,157
tatoes	26,097	475,775	56,774	1,032,422
her fresh vegetables	13,122	163,200	47,501	606,437
ied fruits and vegetables	3,932	111,216	11,765	329,595
her products of agriculture	22,905	681,601	38,343	1,022,180
Total	593,378	16,670,231	1,002,230	26,791,373
PRODUCTS OF ANIMALS.				
rses and mules	7,914	91,085	10,661	123,701
ttle and calves	121,906	1,421,335	144,870	1,696,136
eep and goats	16,834	167,316	23,883	245,881
gs	122,502	1,137,905	136,335	1,270,975
esh meats	30,886	401,656	34,939	457,393
her packing-house products	13,228	229,663	18,501	318,761

Summary of freight commodity statistics of Class I roads for the quarter ended Mar. 31, 1921—Continued.

[Class I roads are those having annual operating revenues above $1,000,000, western district; average number of miles of road operated, 131,751.81.]

Commodity	Revenue freight originating on respondent's road.		Total revenue freight carried.	
	Number of carloads.	Number of tons (2,000 pounds).	Number of carloads.	Number of tons (2,000 pounds).
PRODUCTS OF ANIMALS—continued.				
Poultry	2,967	33,550	4,361	[illegible]
Eggs	6,613	74,245	9,280	[illegible]
Butter and cheese	3,009	38,631	4,443	[illegible]
Wool	521	7,812	1,442	[illegible]
Hides and leather	2,495	59,013	4,218	[illegible]
Other products of animals	3,713	93,759	7,267	[illegible]
Total	332,588	3,755,970	400,180	[illegible]
PRODUCTS OF MINES.				
Anthracite coal	6,585	251,207	10,973	[illegible]
Bituminous coal	266,970	11,856,137	455,601	[illegible]
Coke	8,274	254,462	16,339	[illegible]
Iron ore	7,897	397,709	12,427	[illegible]
Other ores and concentrates	30,622	1,657,184	43,457	[illegible]
Base bullion and matte	1,865	80,193	5,088	[illegible]
Clay, gravel, sand, and stone	118,338	5,437,231	154,237	[illegible]
Crude petroleum	28,198	1,022,558	56,957	[illegible]
Asphaltum	1,511	51,861	3,170	[illegible]
Salt	8,891	231,295	16,866	[illegible]
Other products of mines	3,015	130,618	13,246	[illegible]
Total	482,166	21,370,455	788,361	[illegible]
PRODUCTS OF FORESTS.				
Logs, posts, poles, and cordwood	153,105	4,812,853	170,892	[illegible]
Ties	22,121	708,030	34,883	[illegible]
Pulp wood	59,866	2,069,364	83,930	[illegible]
Lumber, timber, box shooks, staves, and headings	112,073	3,207,322	254,663	[illegible]
Other products of forests	6,291	137,543	10,203	[illegible]
Total	353,456	10,935,112	554,571	[illegible]
MANUFACTURES AND MISCELLANEOUS.				
Refined petroleum and its products	124,830	3,581,452	240,596	[illegible]
Vegetable oils	5,082	149,828	10,571	[illegible]
Sugar, sirup, glucose, and molasses	14,308	436,756	32,681	[illegible]
Boats and vessel supplies	55	851	191	[illegible]
Iron, pig and bloom	1,909	85,311	4,835	[illegible]
Rails and fastenings	2,175	85,249	11,669	[illegible]
Bar and sheet iron, structural iron, and iron pipe	13,466	499,330	63,401	[illegible]
Other metals, pig, bar, and sheet	2,854	98,399	9,753	[illegible]
Castings, machinery, and boilers	10,077	195,219	25,447	[illegible]
Cement	20,420	773,218	33,361	[illegible]
Brick and artificial stone	16,874	582,702	26,823	[illegible]
Lime and plaster	7,194	181,327	12,342	[illegible]
Sewer pipe and draintile	8,121	150,697	11,564	[illegible]
Agricultural implements and vehicles other than automobiles	13,953	206,496	28,573	[illegible]
Automobiles and autotrucks	11,302	80,598	32,804	[illegible]
Household goods and secondhand furniture	21,860	234,879	35,642	[illegible]
Furniture (new)	3,282	34,239	7,939	[illegible]
Beverages	3,328	67,486	5,208	[illegible]
Ice	23,798	725,550	26,448	[illegible]
Fertilizers (all kinds)	7,479	198,812	10,250	[illegible]
Paper, printed matter, and books	2,979	74,290	9,909	[illegible]
Chemicals and explosives	8,109	255,737	15,831	[illegible]
Textiles	672	11,975	2,351	[illegible]
Canned goods (all canned food products)	9,603	224,292	19,597	[illegible]
Other manufactures and miscellaneous	94,447	2,150,658	183,986	[illegible]
Total	428,177	10,990,351	860,531	[illegible]
Grand total, carload traffic	2,199,765	63,722,119	3,605,873	[illegible]
Merchandise—all less than carload freight	....	3,102,595	....	[illegible]
Grand total, carload and less than carload traffic	....	66,824,714	....	[illegible]

Imports of cattle hides and calfskins, calendar years 1911 to 1920.

FREE.

Year.	Cattle hides.		Calfskins.	
	Quantity.	Value.	Quantity.	Value.
	Pounds.		*Pounds.*	
[illegible]11	170,649,238	$2[illegible]45	8[illegible]86	$21,227,102
[illegible]12	303,530,775	4[illegible]36	11[illegible]64	31,083,684
[illegible]13	223,549,752	4[illegible]04	7[illegible]95	21,243,369
[illegible]14	308,050,216	5[illegible]15	6[illegible]34	16,373,257
[illegible]15	406,632,111	7[illegible]60	4[illegible]76	11,334,162
[illegible]16	404,201,341	8[illegible]12	6[illegible]81	18,132,654
[illegible]17	370,684,826	10[illegible]62	2[illegible]05	11,511,555
[illegible]	221,051,070	5[illegible]41	[illegible]23	2,953,959
[illegible]	407,282,271	12[illegible]47	6[illegible]21	33,653,139
[illegible]	275,324,507	8[illegible]24	3[illegible]86	19,250,661

Imports of cattle hides for the fiscal years 1900 to 1910.

DUTIABLE.

Year.	Quantity.	Value.	Year.	Quantity.	Value.
	Pounds.			*Pounds.*	
[illegible]	163,865,165	$19,406,217	1906	156,155,300	$21,962,060
[illegible]	129,174,624	14,647,413	1907	134,671,020	20,649,258
[illegible]	146,627,907	17,474,039	1908	98,353,249	12,044,435
[illegible]	131,640,325	16,159,902	1909	192,252,063	23,795,602
[illegible]	85,370,168	10,969,085	1910 [1]	32,534,717	4,399,196
[illegible]	113,177,357	14,949,628	1910 [2]	285,468,821	42,306,943

[1] Dutiable from July 1 to Aug 5, 1909, inclusive.
[2] Free from Aug. 6, 1909, to Jan 30, 1910, inclusive.
[illegible]—Calfskins were not reported separately during this period of years, but were included in "All [illegible] hides and skins."

Mr. Cowan. During the calendar year which ended with the 31st December last the total importation of hides and skins of all kinds, [illegible]clusive of furs, was 700,107,000 pounds. The domestic production [illegible]ring the same period was 849,530,000 pounds. The figures include [illegible]es and skins of cattle, horses, sheep, goats, buffalo, kangaroo, [illegible]llaby, and all other animals from whose outer coverings leather is [illegible]de. The aggregate of cattle and calf skins produced in this coun[illegible] and included in the above, was 789,630,000 pounds, and the [illegible]portations 386,510,000. The figures are taken from Commerce [illegible]ports, issue of October 24, page 443.

In spite of the fact that during the current year the demand for [illegible]es in the tanneries of the United States reached such a low point [illegible] during several weeks the value of the hides taken off the steers [illegible] the ranges was less than the freight charges to market them, the [illegible]e publication tells us that—

> [illegible]n increase of 22.1 per cent over the quantity recorded last year marked the August, [illegible] imports of cattle hides into the United States. Argentina supplied 32.2 per [illegible] of the month's purchases, Uruguay 21.9 per cent, Brazil 12.5 per cent, Canada [illegible] per cent, Cuba 7.7 per cent, and all other countries 16.4 per cent.

[illegible]t will be noted that 66.6 per cent of the total importation of cattle [illegible]es during the month of August (and approximately the same [illegible]centage will apply throughout the year) came from Argentina, [illegible]guay, and Brazil, or "the River Plate country."

The manufacturers of shoes and the tanners, through their propa-ganda and their lobbyists, insist that a duty on hides will materially help the packer, but that the stockman and the farmer will receive no benefit whatever.

Just what proportion of the hides imported during the month of August were produced in the plants of the American packers doing business in South America it is impossible to ascertain. That the American-owned hides of South American production are brought into the United States is not denied. If the packer-owner of the South American plants controls 60 per cent of the foreign imports why should he worry? Free hides from South America, produced in his own packing establishments, combined with the control of the hide markets of this country, if the packer really does control those markets, appears to give a practical monopoly.

The argument that the farmer will secure no benefit whatever from the imposition of a duty on hides is the assertion, and the assertion only, of interested manufacturers. They are able, through their control of practically unlimited funds with which to distribut propaganda in support of their claims for preference in the matt of what they insist upon calling "raw material." The farmers an cattle raisers are unable to meet this propaganda except as they com before Congress to point out that the "raw material" of their plan is the sweat of their brows and the elasticity of their muscles. It the plow and the harrow, the scythe and the pitchfork, which repr sent "raw material" for the production of the animal which gro the hide that is the "raw material" of the gentlemen who wa "free raw material" in order that they may add still greater pro to those which they have piled up since hides were placed on t free list, by doubling the price of the harness which the farmer nee to produce the "raw material" for the shoes which he must we and which cost him twice as much as they did before Congre removed the duty on hides.

From Commerce Reports for November 7, 1921, I take the lat figures on the importation of hides. The committee will note th during the month of September 64 per cent of the imports of cat hides were from Argentina and Brazil, where the American pack so nearly controls the export.

UNITED STATES IMPORTS OF HIDES AND SKINS.

There was a total of 32,805,587 pounds of various kinds of hides and skins imp into the United States during September, 1921; in August the aggregate had 38,090,047 pounds. Cattle hides represented 49.8 per cent of the month's ar (40.6 per cent in August); goatskins, 20.6 per cent (26.5 per cent in August); calfsk 16.5 per cent (15.4 per cent in August); sheepskins, 9.8 per cent (14.9 per ce August); other hides and skins, 3.3 per cent (2.6 per cent in August).

The September, 1920 and 1921, imports of hides and skins show little varia the total number of pounds. However, only 1,790,955 pounds of calfskin imported during September, 1920, and in the same month of this year 5,4 pounds, an increase of 203 per cent. Dry calfskin imports rose from 576,596 poun 1,611,541 pounds, and the green or pickled from 1,214,359 pounds to 3,815,176 p Goatskin imports likewise were more than double those for September of last the gain applying to dry as well as to green or pickled skins.

The percentage of the August and September, 1921, imports received from each of the principal countries supplying hides and skins to the United States was:

Imports of hides and skins.

Countries of origin.	August.	September.	Countries of origin.	August.	September.
Cattle hides:	*Per cent.*	*Per cent.*	Calfskins:	*Per cent.*	*Per cent.*
Argentina	32.2	44.6	France	21.1	25.5
Brazil	12.5	19.7	Netherlands	6.7	13.0
Canada	9.3	15.7	Argentina	6.2	11.8
Cuba	7.7	7.2	Canada	11.7	8.9
Other countries	38.3	12.8	Other countries	54.3	40.8
Goatskins:			Sheepskins:		
British India	26.6	47.7	New Zealand	52.8	31.5
Aden	3.5	7.8	Argentina	29.9	24.2
China	33.2	7.6	United Kingdom	5.6	12.7
Argentina	9.5	7.1	British India	.1	5.4
Mexico	1.0	1.6	Brazil	4.8	5.0
Other countries	26.2	28.2	Other countries	6.8	21.0

Mr. Cowan. I will undertake to make the statement that throughout the western half of the United States—without exception—the farmers and stock raisers and, of course, the poultry raisers, who are all the same people, can not prosper without relief that can be granted only through acts of Congress. They can not stand foreign competition from countries in South America or with China, for that matter, nor India, on these farm products that can be shipped to our shores even if we can ship ours across the United States.

A protective tariff is almost worthless unless we can get transportation for our own products, and we have got to come to a common level so that it is a live and let live policy. We are perfectly willing, as the gentleman said who spoke of eggs, to pay our part of the duty on manufactured articles so far as that goes. It is amazing to me that we could even stop to consider what a tariff would add to the cost of agricultural products not manufactured and shipped, and yet that such a tariff would not add to the cost of shoes, harness, and saddles. We will make them here, and we will raise the stuff from which to make them.

The neighborhood that lives off of its own products is the most prosperous neighborhood. I was born and raised in Tennessee. If we were put to it, we could live there actually upon our own resources—our own labor and work. The Nation is safe when it can do that; and every agricultural interest in this country ought to be so prosperous that all the available lands in this country can be put under cultivation. Labor needs a place to get out and live and stop the concentration of people in these vast cities; and that is the danger point in this country. Only last Sunday Mr. Spiller and I rode through the East Side of New York City. We saw the hundreds of thousands of people who can not read the English language. As we remarked, they doubtless did not know that there was such a place as Grant's Tomb, and perhaps they did not know of the Commodore Hotel; they certainly did not know anything about the policies and principles of government of this country.

But the people on the farms of that same class and nationality who live out in the West, those who populated that country, have become good citizens. With the fostering of agriculture that is the

foundation of civilization of this country as it has been in the countries occupied by the human race everywhere, and I hope that Congress will give it that due consideration to which it is entitled, for in the end it is the safety for capital. Because if agriculture is not fostered, if the country does not build up upon that foundation of citizenship for protection, what is the capital worth? What are the great institutions of this country worth if they are in danger of being destroyed? Because the day will come when these people, not knowing what our principles of government are, being forced by starvation, being forced by necessity, will rob the capitalists, and then they will wish they had the protection that would have given a fair degree of advantage to agriculture to make this country prosperous.

Mr. Mercer and Mr. Spiller will follow me. I am anxious to have these gentlemen speak, because they represent all of the interests.

I thank the committee for hearing me.

STATEMENT OF J. H. MERCER, TOPEKA, KANS., REPRESENTING KANSAS LIVE STOCK ASSOCIATION.

Mr. MERCER. I represent the Kansas Live Stock Association at this hearing.

The CHAIRMAN. Will you go ahead and state your views concerning the questions before the committee?

Mr. MERCER. Mr. Chairman, I did not come to Washington to appear before this committee in the interests of tariff legislation, but being here it was suggested by Judge Cowan that I might leave a thought or two with you that would be of consequence. I am not in the habit of appearing before committees or speaking in public but what I have to say to you will be from the experience of a farmer. I have spent all of my life in agricultural pursuits. Fifty-odd years or more I have spent on the farm and know some little about what the farmers have to go through with.

My observation, as I have gone down through my life, has been that farmers built up this country, moved along in a fair way. During the early history and on down to a few years ago, and for a period of 10 or 15 years prior to the World War, it seemed that the farmers of the United States were coming into their own, in a way. They were more or less prosperous, a great many of them, and they availed themselves of privileges of modern life, different, of course, from what they had been accustomed to in the early history of the country.

When the war came on there came a change, and that change has disturbed the agricultural life in the United States, and I speak from that experience. Take, for instance, the people of my own State—Kansas—and I am mighty glad that I can say that I am not here to-day to urge upon the Representatives of this Congress from our State to support tariff measures in the interest of agriculture. Our delegation is solid in that direction. But I hope what I say here to-day will be of benefit to those who might not know the exact situation of the farmer.

At the beginning, I say, after the war the farmers in our own State, and largely in the Middle West and the western country, were a fairly prosperous people. They responded, I think, to the call of this Government perhaps as earnestly and as patriotically as any class

of our citizens. But as a result of the war, no doubt, there has been brought about a condition in the agricultural life of our country that is deplorable. The activities of the Government and the Government's demand upon agriculture for its support during a time of ıeed has created such a condition that it now seems to be necessary 'or the farmers of this country to come to the Congress and tell them)f their deplorable situation.

Men who have been prosperous, builded up homes for themselves, ınd educated their families, have been put out of business. I am not :xaggerating, gentlemen, when I say that if the farmers of our ection, at least, were required to liquidate their debts to-day, 75 per ent of them would be unable to do so, even though they should acrifice all their property of every description, and that condition ıas been brought about through the depression of the value of their roperties.

I will illustrate in answer to the question of Senator Curtis a while go on the cost of some of these things that enter into the farm life, nd more particularly live stock. The live stock, especially cattle, produced during a period of from 1 to 4 years. We take our cow erd on the farm and start the production of our steers with the age f cows running from 2 to 6 years. After they pass the age of 6 or 7 ears they are not so prolific and are usually disposed of soon thereter. The steer is produced and fed on the farm for a year or two, ıen fattened either where he is produced or shipped to some other cality and prepared for beef.

So you can see that the production of live stock especially to-day ı our farms has all virtually originated and come into the farm life nce the inflation of prices brought about as a result of the war.

After the armistice was signed in 1918 there was but little reduction values of any farm commodities until the beginning of 1919. nce that time there is nothing produced on the farm which has not preciated in value more than half, and sometimes—in a great any instances—two-thirds of the values during the high peak of e war period in 1917–18.

That is not so with everything that the farmer has to buy; it is t so with most everything with which he has to do. Just the verse. His interest charge has increased something like 30 per nt. even since 1918. Prices of all of his farm equipments have mained very nearly at war-peak prices, clothing and shoes and erything with which he has to deal have kept up at a high level, d he has been called upon to meet the obligated debts that he curred in order to expand and comply with the demands of his untry with the liquidation of the low value of the output of the m. and that has been impossible.

So, gentlemen, it has placed him in a desperate position. I would t be here making that statement if I did not know what I was lking about, and I believe I have tried to acquaint myself with the nditions in a large section of my country. I have attended several arings before the examiner of the Interstate Commerce Commission the question of the reduction of rates, and I have heard the sworn stimony of men given from the Northwest country, the Middle est, and the South and the Southwest, and there is no doubt that e conditions prevail in every agricultural section of the country. it is that condition which has aroused the people to come to you

in order to see if there are things which can be done to relieve that situation.

To illustrate, in answer to questions I mentioned a moment ago. It costs to produce a 3-year-old steer, taking him from the cheapest production ranges of the Southwest, beginning back in 1917-18 down to 1920-21, with the best figuring possible, $130 to $135 per head. I have not the detailed figures with me, but Mr. Spiller may have them. But in a general way I would say that from $120 to $135 per head, regardless, now, of whether the stockman produces them here on the farm and follows them up step by step to the pastures of our State, and then on to the feed lots of our own and the other corn-belt States, or whether he sells them—it is immaterial, because the figures are just the same.

In 1918 beef steers were selling at from $16 to $18 per hundredweight for a fairly well-finished bullock. During the last 10 or 12 months that steer has been selling at from $6 to $9 per hundred.

Senator La Follette. About what weight are they turned off so we can get it in value of the individual?

Mr. Mercer. They are turned off at various weights. I am speaking now of the 3-year-old steer.

Senator La Follette. Yes.

Mr. Mercer. He would be turned out at a weight, we will say on a general average, of about 1,200 pounds, depending largely on how he was handled from the time he was a calf until he was made ready for the block. If he was brought from our range country into the market at Kansas City, we will say, and bought by an Iowa feeder and shipped up into Iowa, fed six or eight months on grain he would probably weigh 1,400 or 1,500 pounds, depending, of course on conditions.

But you can see what the producer is losing in every step regardless, I say, of whether he is the original producer of the calf or whether or not he passes his steer into the middleman's hands and into the feeder's hands before he reaches the market.

Those are natural conditions that do not apply so much to the hog business. It is true that the only thing, gentlemen, that the farmer can look to, or has been able to look to, with any degree of breaking even in any manner is the hog business and the poultry business.

I was very much interested in the discussion here this morning. It was surely educational to me. My experience as a poultry man has been that when I was on the farm my wife took care largely of our broods—our family and the chicken's family—and we usually kept on hand 125 hens on our farm, and I never figured that the 125 hens were any cost to me at all. What little labor my wife did or what little labor performed by the hired help was all the cost because the hens rustled for themselves, usually. So we always felt that the chickens we sold and the eggs we sold, after keeping what we needed ourselves, were really a clear surplus of our farm production. But, of course, with the men who enter into the poultry business it is a different proposition, as I can see, and Prof. R[illegible] statement here this morning was very educative to me, I am sure.

I have illustrated the conditions out there in our country. I [illegible] not understand why Republicans should have to come before

epublican Congress and ask for a protective tariff on anything in ne United States. I am not a student of the tariff, but I have ved a long while now. I remember away back when I was a young ian that that was the great slogan of the Republican Party—proection to our manufacturing industries especially, and to ourAmeran labor, etc.

Gentlemen, I think the time has come that if the tariff means nything on earth to the United States it surely should mean protecon to American agriculture.

I believe conscientiously that every article produced from the merican farms should be safeguarded by a protection of some nount. I do not believe that it means anything so far as the cost the consumer is concerned, not a thing. A few cents a pound otective duty on hides, a few cents a pound on beef, does not mean nything to the consumer in this country.

I will admit that there are conditions in this country that I can ot analyze as to why there should be such a spread between what e as producers grow in the way of the food of life and what this an over here [indicating], who is occupied in some other walk of e, has to pay for the farm products he consumes. For instance, do not know what you people pay, but last summer many of the rmers in Kansas sold their eggs from the farms at 10 cents a dozen. know that to be true, because we purchased them. We would ive out in the country and would purchase eggs from farmers at cents a dozen. I know at the same time that our neighbors in ir little city of Topeka, where I live, were paying 20, 22½, and 25 nts a dozen at the grocery stores and retail establishments for eggs. Those things are handled just like meat. The farmer produces e eggs. He takes them in to his merchant. He trades the eggs, rhaps, for something he needs in his family, and the merchant lows him the price of, say, 10 or 12 cents at that time. Then they e transported on to the distributing points, like Kansas City, and aced in cold storage at about that price, and where they go from ere, of course, I am not supposed to know. I am not competent go into that. But by the time, I presume, that they reach the nsuming public in the eastern cities the price has been raised to mewhere around 50 or 60 cents, and maybe 70 cents, per dozen. iere is a spread that is too great.

Senator CURTIS. Did you not at one time look into the spread d the cost of beef here in the city of Washington?

Mr. MERCER. Yes, sir.

Senator CURTIS. Would you mind telling the committee what you und?

Mr. MERCER. I will answer that, Senator, by saying that we made o investigations. Prior to the war, I think in 1912, we made an vestigation in 60 towns in our own State as to the spread between e manufactured articles and what the consumer was paying over e block, and we found that percentage was 101 per cent. To ustrate that briefly, I would say that if the butcher paid 9 cents a und for his bullock to the packer, or that it cost him 9 cents if he ught and butchered the animal himself, the consuming public paid cents on the average for the pound of beef sold.

At the time Senator Curtis alludes to, a committee of our organizaon was sent east to make an investigation of the eastern markets.

It was a committee of five that visited Boston, New York, and Philadelphia, and the City of Washington, and we traced through the packing centers of Kansas City and Chicago to the distributing markets of these various cities, and secured the cost of the various cuts of beef laid on the block by the manufacturer to the retailers in the cities, and then made an investigation as to what the consuming public was paying for our product, and I do not just remember the exact percentage, but it was very close to 100 per cent that the consuming public in the East was paying above the price at which the manufacturer was laying that meat on the blocks to the retailer.

That, I think, has been gone over before some of the committees here very thoroughly, and the actual data given. I did not bring with me, as I say, any data on these points, because I did not thi of appearing here. But that was about the approximate percentag of cost the consuming public was paying in excess of what it cost t produce the beef, and also what it cost to manufacture the beef.

Senator JONES. Mr. Mercer, I just want to see if I have it righ that the retailer charges about 100 per cent for handling the mea over the original cost to him?

Mr. MERCER. Yes, sir; that was demonstrated fully in our inves gations in the West, and I would not say positively whether it wa quite that much in the East.

Senator LA FOLLETTE. How long ago was that made, Mr. Merce

Mr. MERCER. The investigation we made in our State was in 191 and the investigation we made here in the east was in 1918–19.

Senator CURTIS. My recollection, Mr. Mercer, was at that time th the difference on the block, where hung in the freezers down he in the markets, cost 16 or 18 cents, and they were selling the cheap cuts at about 30 cents and the high cuts at 79 cents.

Mr. MERCER. That was about right. But as a general averag of course—when we take the soup bones and the neck and all th part of the bullock, that is classed as the cheap cuts of the beef, t reduces that percentage quite a little. I know in one particul instance I made a statement before a committee here that the whol saler delivered liver to the retailer in the City of Washington at cents a pound, and he retailed it at 30 cents. We had figures and t name of the place, and everything of that kind.

Senator LA FOLLETTE. Did you find back in 1912 when you ma the investigation in your own State that the retailer was taking large a percentage of the profits as he was taking in 1918–19, wh you made the investigation in the East?

Mr. MERCER. Just about the same. Now, at this time I will he is taking more, for several reasons: There are so many peo engaged in the retail business; so many people engaged in the d tribution of these food products, and especially in the smaller to of our section of the country. The volume of business has decrea so tremendously that they have even got to hold these prices up t higher level than heretofore in order to come anywhere near breaki even. That is the condition out there, because there has b destroyed in this country the purchasing force of American agri turalists. The farmers are not buying, in the first place, or they b but little, and wherever they possibly can are getting along with purchasing any of the comforts of life that they would like to ha under ordinary conditions and would buy under ordinary circu

tances. So the decrease in demand affects the country town and he small places much more, perhaps, than it does our larger cities, here industrial life is quite active.

I do not know, Senators, that I have anything further to say. If here are any questions to be asked me, I would be mighty glad to ell you anything I know from my viewpoint as a farmer.

Senator JONES. Mr. Mercer, from your study of the retail trade, it your thought that this large percentage of excess over cost must e charged to the large number of retail establishments and the verhead and other costs of maintaining so many retail establishents?

Mr. MERCER. Absolutely; that is my viewpoint of the situation.

Senator CURTIS. I asked you the question regarding what you said moment ago about how little the duty would affect the retail price; iat is why I wanted it in the record.

Mr. MERCER. How is that?

Senator CURTIS. I asked you to answer the question as to what ou found, because I understood you to say a few minutes ago that hat little duty might be imposed would not affect the price very uch.

Mr. MERCER. I do not think it would. To answer your question, enator Jones, I think that is absolutely the situation with regard to great many of the commodities with which we deal now. We have store on this corner and a store on that corner, and one on that rner in every little town, where one thrifty, active business would ke care of the whole situation. They have got to pay overhead, ey have got to pay for upkeep. Some people say it destroys comtition to have but a few stores, but there is no competition where istence is at stake and it is the volume of business which regulates e costs. You take in a great many instances where men have a ge volume of business in these particular lines, and they are ally profiteering. And here [illustrating] may be the man who s a small volume of business in the same line, and it is no trouble r him to show he was running behind financially. I do not know w these things can be corrected. Of course, I do not think that up to Congress to correct, but it is a condition that prevails in the nited States, and it will have to be corrected in some way, because causes the living expense to be too great.

Senator JONES. Mr. Mercer, you rather indicated that you did not ink the tariff would increase the price on these commodities to the nsumer. Is that the theory on which the merchant is selling his oduct for all he can get regardless of what it cost? If the tariff erated so that it raised the price at all somebody would have to y it?

Mr. MERCER. Yes; it naturally would be so. But the tariff would so small, so inconsiderable at the time that it would reach the nsuming public that it would not affect the general line of business.

Senator JONES. Let us take beef. I believe we are asked to put a iff of 4 cents a pound on beef. Would the effect of such a tariff to raise the price of beef 4 cents a pound anywhere?

Mr. MERCER. I do not think so.

Senator JONES. Why not, Mr. Mercer?

Mr. MERCER. Well, because the supply and demand would be the ntrolling factors. If we were producing a plenty in this country

to feed our people, that 4 cents a pound would have no effect whatever on what the public would pay for the meat.

Senator JONES. That is because we do produce in this country a sufficient supply of meat and we export meat to some extent?

Mr. MERCER. Yes; we export a considerable amount of meat.

Senator JONES. Then what, in your opinion, would be the beneficent effect to the producer out of a tariff on meat?

Mr. MERCER. Well, I think it would be this: We have had hides brought into this country without any duty for some time without reducing the price to the buyer of shoes or harness.

Senator JONES. I can see how a duty on hides would help, because we import a vast quantity of hides.

Mr. MERCER. I hardly know how to answer you, but will just illustrate my position in this way: The meats imported must come into this country in a different condition from that in which we produce them. They come in in a frozen condition, and only reach our seaboard towns and cities—those particular points where the greatest consumption of our own product is called for.

I understand that when I was here before that frozen beef and lambs from Australia and Argentina were selling in the markets of this city at about 6 or 7 cents less a pound than our own meat was selling. That is, the wholesale price was 6 or 7 cents lower than American meat, but the consumer did not benefit. That seemed to me to be criminal, when we had an overproduction—according to the statistics and according to the information we could get from every source—in this country; that our farmers out in the West in the section where they produce these vast herds of beef and mutton are having to compete against the importation of that frozen meat which came into this city and other cities along this seaboard, to deprive our people of the higher value which the meat would naturally fetch back there, because that is the history of business; the dealer would come back and say, "We have got to compete with the imported cheaper meat." And by reason of the duty being high—and as I stated before the Ways and Means Committee that I hope there would be an embargo placed against the importation of that meat, and that it would be kept out of this country.

Senator JONES. Does that trade promise to be a permanent condition?

Mr. MERCER. I do not know why it should not be. We can not produce in the United States, under our conditions of living and the kind of citizenship we have, in competition with Argentina and other South American countries, and if they are permitted to occupy our markets they will continue to ship to those markets.

Senator JONES. The thing that concerns a great many people is about this fact, that last year we exported 24,059,711 pounds of canned beef; we exported 9,749,148 of fresh beef; we exported 25,771,176 pounds of pickled or cured beef; and the year before, 1919, we exported a great deal more than that—I should judge pretty nearly twice as much as the previous year.

Mr. MERCER. I expect so.

Senator JONES. And we imported beef and veal in the months ending September of these years of beef something over 28,000,000 pounds and exported 2,037,000,000 pounds, in 1921 something over 13,000,000 pounds; and of mutton we imported in 19

,000,000 pounds plus, in 1920 49,000,000, in 1921 about 19,500,000 ounds. Of course the importations of pork products were very mall, but they amounted to something. Where does that beef and eal come from that is imported here?

Mr. MERCER. Of course I do not know without looking at the record, but I would say largely from Argentina and Brazil and South merican points, and of course the mutton in great quantity from lew Zealand and Australia.

Senator JONES. Those countries export a great deal of those products, do they not?

Mr. MERCER. I think so; yes, sir.

Senator JONES. They export a great deal to the same markets here we send our exports?

Mr. MERCER. I presume they do; I think the record shows that.

Senator JONES. Then how can that be a permanent situation reachig any considerable magnitude if we are exporting?

Mr. MERCER. It is just the general conditions of the country that re going on from year to year that naturally follow up one year fter another. I would say this, that if we prohibited by an embargo r even a high tariff the importations of the meats that you refer to, e would not have exported so much meat, because our people would ave consumed it at home, and we would probably have had a more ven keel on prices.

I am very strong for looking after our home people first.

Senator CURTIS. Reports, Senator Jones, say that 72 per cent of ur importations of beef were from Argentina.

Mr. MERCER. It must be mostly from down there.

Senator JONES. It came from Argentina and Canada?

Senator CURTIS. It came from Argentina and Canada.

Senator JONES. We are selling our meats abroad in competition ith those countries, and at the same time they are shipping some of eir meat in here. It looks like rather a strange situation, and if e could get at the reasons for it, I think it would be of value to us.

Mr. MERCER. I think Judge Cowan illustrated the reason—that e people who have the meat to export from Argentina are going export it to the best market they can find, and perhaps at the time ey exported it the United States was the best market they could nd. Newspaper reports from England this week say that there is glut in the market that would naturally result in diverting South merican beef to this country.

Senator JONES. The suggestion was made here by Judge Cowan at those importations into this market were made by the very ople who are exporting from this market to other countries.

Mr. MERCER. The record shows that that is largely true. The rge packers who are operating in the United States are operating Brazil and Argentina and Australia, and New Zealand, and, of urse, they are seeking the market where they can find it in any rt in the world, and have the same interests there in their business erations as here, I presume. I do not know just the percentage meat they export, but it is quite a percentage of the meat that exported from those countries by the same people who buy and anufacture the meat of our own country and export it and sell it re.

Senator JONES. If we put a tariff of 4 cents a pound on meat, you do not think that would raise the price to the consumer, but you do think that it would have the effect of keeping out of this market any of these importations?

Mr. MERCER. No; I do not think it would. I think there would be importations made to this country, because they would pay the duty and come when the market would warrant them in doing so. I believe this, Senator, and I feel it conscientiously, that within two years from now that unless there is a change in the conditions of the live-stock farmers of this country, we will have a tremendous and terrific scarcity. I do not know how it is possible, if the conditions continue as they are now, for our people to produce what our people want. We have got to change the situation some way, or else our stock raisers are going to quit—they are quitting.

Senator JONES. The thought has arisen that our exports of fresh beef were of the high grades of fresh beef, and that the frozen beef was coming into this country to supply a greater demand of cheaper beef.

Mr. MERCER. That applies in a measure, but not altogether. We have some as fine frozen meat imported into this country as we export from this country. The records will show that. But the larger portion of meat comes in here from foreign countries in competition with what we might class our lower-grade meats.

Senator JONES. I am inclined to believe that the majority of people will think that if you raise the price of the meat to the retailer that the retailer will consider that in fixing his sale price, and that that will result in the raising of the level of meat prices. But it is thought also that even if that should result that this country must do something of that sort in order to keep up its meat supply and not be dependent on other countries for the supply of meat.

Mr. MERCER. Of course, when we get to that, that can be considered. But I do not think that should be considered now. I think that the resources of this country are ample to the extent that we can produce all that we need and more provided we are protected, and that our people deserve the protection of its Government to the extent of prohibiting the importation of competitive products of their farms to destroy the value of their output.

Now, to answer partially your question, you take the prevailing prices that the consumers pay. You have in this country to consider the selling public as well as the producing public, and which I think has been done. To-day the consuming public is paying for the meat food of this country just a little percentage less than they paid when the producer was getting 100 per cent more for his product than he is getting to-day.

Then, if that be true, the importation of foreign meats in here has not any bearing upon cheapening our living at all.

Senator JONES. What remedy did your committee suggest for meeting this situation which you have just referred to?

Mr. MERCER. I do not think that they have come to any conclusions as to a remedy, only that we favor, of course, a reasonable tariff. That will relieve in two points: It will help to support the Government financially and it will help to protect in a way our home industries.

Senator JONES. I can see how the producer will get some relief 'om tariff on meats in stabilizing the market, and perhaps the ariff would not raise the price of meat very much even to the conimer. But it would stabilize the market. But there is that great tuation in which the consuming public is more interested—the ctreme spread between production costs and the consumers' cost.

Mr. MERCER. I understand our Department of Agriculture is iaking exhaustive investigations of that question now.

But to illustrate that point, less than a year ago, when it was noised nd heralded abroad all over this country that there were so many argoes of frozen lambs coming in here what happened to our sheep idustry? It dropped 40 or 50 per cent in value. I do not think ie consuming public ever got any benefit of the drop. They never id in our section of the country, although they might in the East.

Senator JONES. I doubt if they did in any section of the country.

Mr. MERCER. That is the situation we are all in. We are just slating to you our side of how we see it, and it is a condition that we now exists among us, and it has all come upon us so unfortunately 1 the last few years, that if any industry in this country, regardless f what the past might be, needs protection by its Government o-day it is agriculture. There is no question about that.

Senator JONES. I agree with you absolutely about that, Mr. lercer.

Mr. MERCER. And the question of values—the live stock alone ggregates two-thirds of our national debt in value.

Senator JONES. My thought is this: If you are to benefit your griculture with a tariff, the only way in which that benefit can be iade material would be in the price of the product to the producer, nd the thing that we should do is to raise that price to the producer o that he can produce at a reasonable profit, and then take some ther step to lower this price to the consumer, and do away with this xpensive spread between the producer and the consumer.

Mr. MERCER. I think that is sound, and I also think that you can ot make any mistake. We are a living people; we are moving long, and if Congress should make a mistake in putting too high a ariff on, another Congress could reduce the tariff.

I hope this Senate committee will put hides on the dutiable list, nd raise the tariff on some other agricultural products.

TATEMENT OF E. B. SPILLER, FORT WORTH, TEX., REPRESENTING THE TEXAS AND SOUTHWESTERN CATTLE RAISERS' ASSOCIATION.

The CHAIRMAN. Where do you reside?

Mr. SPILLER. Fort Worth, Tex. The membership of the Texas nd Southwestern Cattle Raisers' Association are producers of cattle n the States of Texas, Oklahoma, and parts of New Mexico, and Arizona, and some have ranches, of course, in Kansas, too.

It is so well known that it is needless for me to go into the condiion of the live-stock industry to-day. I was raised on a ranch and have been connected with this association for 20 years now, and I have never seen or known of such deplorable conditions as exist to-day. When you see it as I do, it is pitiable indeed. There are these men whom I have known all of my life and with whom I have

been associated; I know that they have struggled, men and their families, to build up and to make their living out of the ranch business. They did build it up, and they have a ranch on which the man and his family, as a rule, have been doing practically all of the work The market conditions have been such that they have suffered enormous losses. They, as a rule, are not people who apply to the Government or to anyone else for help as an individual. But conditions exist to-day so that it is impossible for them to continue in business unless some measure of relief is extended to them.

As to what benefit a tariff on cattle and hides would be to the live-stock producers, I see it in this way: We know that in Argentina Brazil, New Zealand, and other countries that produce live stock cattle and sheep, in very large quantities, the same people who handle the live-stock products of those countries are the big packers of this country. They can throw on our markets at any time they desire enough beef to demoralize our beef market, and they can throw upon our markets at any time they desire enough mutton to demoralize our mutton market. That is not speculation that is not what we believe—but it is what we have seen done time and again in the past. We ask for those people who are struggling to try to remain in the business, to rehabilitate the business, that they be given the benefit of a tariff that will take away the danger of having their market destroyed in that way. That is the plain statement of facts. That is all we ask for. We are not asking for any special favor or any protection. We are people who have been in this business and want to stay in it. We feel that we are an important industry, one that has a large part in the production of food for the American people.

When I think how these people are struggling to get along. I realize that probably few of you comprehend the conditions. We can tell you about it. There is not a man in the cattle business in our country that I know of who does not know what the foreign competition in dressed meat and hides will do to the markets. It has been done. Every one of them has felt the effect of it in the market, and they all want a tariff duty that will take away the danger of that thing.

That is the benefit of a tariff measure as we see it.

I can not go into details and give you any figures. They have all been filed here. But I would it were possible, gentlemen, to express my feelings and my views as well as the gentleman from Cornell University in regard to poultry. But this country is a country for Americans, for our producers. We are entitled to our home market. We produce a surplus now, and we certainly do not want to be the dumping ground for the surplus product in other countries by people who care nothing about our people, who pay none of our taxes and have no interest in us.

Senator JONES. Mr. Spiller, I would like you to give us, if you will, a little picture of how the free range has disappeared and how the cattlemen now own to a great extent their lands and grazing lands, and, if you think it is correct, how the breeding end of the industry has practically gotten on to a farm-cost basis of breeding, so far as the supply in this country is concerned.

Mr. SPILLER. Oh, yes, there is no free range, and the cost of production has increased on account of increased values of land

There a man has bought land, he has had to pay a high price for t in the last several years; the cost of leases has been higher; is taxes as he has gone along have become higher—everything he as bought has been increased in price.

The day of the free range has long gone by, and that condition hat existed many years ago that made the business very profitable—ll those conditions that existed in the early days that eliminated the xpenses are gone. The operation of a ranch now is a business roposition, with overhead expenses and other expenses, the same s any other business in the United States that requires good business ianagement to operate.

Senator LA FOLLETTE. Even under the very best of conditions?

Mr. SPILLER. Even under the very best of conditions.

Gentlemen, I am not a tariff expert or artist, but I state to you the ondition of the people I represent.

Senator LA FOLLETTE. If you know of any people in the world eeding help it is the cattle people?

Mr. SPILLER. I am just one of the cowboys. I want to make one ther statement. I am in the cattle-raising business in Texas. I ave been with them practically all of my life. They are very much iterested in this tariff proposition. Some might say, being so much iterested, why are they not here? The plain fact is that they do ot have funds available to come here.

Mr. COWAN. I would like to reserve the right to analyze some of iese statistics in a very short way that may be thought later on to e of some value to your committee. I do not know that I shall ave the time, but I should like to reserve that right.

The CHAIRMAN. If you prepare anything, the committee will be lad to consider it.

TATEMENT OF ISAAC T. PRYOR, SAN ANTONIO, TEX., REPRESENTING THE AMERICAN LIVE STOCK ASSOCIATION.

Mr. PRYOR. My full name is Isaac Thomas Pryor.

The CHAIRMAN. Where do you reside?

Mr. PRYOR. San Antonio, Tex.

The CHAIRMAN. Will you proceed to address yourself to the question of hides, which I understand you want to be heard on?

Mr. PRYOR. Well, my address is going to be on the subject of the ariff, and hides in particular, but beef hides and the products of attle.

I claim that to compete with foreign countries in the raising of attle, which is a branch of agricultural industry, that we must ave some degree of protection. I will hurry along by saying that i four countries I will give to you there are 41,000,000 people, and 1,000,000 cattle. In this country we have 106,000,000 people and 7,000,000 cattle. The salaries and the wages of those people in hose four countries—Argentina, Uruguay, Brazil, and Australia—re nothing like the salaries paid the people in this country for raising attle.

Senator SMOOT. Mr. Pryor, will you tell me, briefly, just what you ant, so that I can have it here to refer to quickly? What do you ant on cattle less than 2 years old?

Mr. PRYOR. Here is what I want: I respectfully submit for your areful consideration the following schedule of import duties, that in

my opinion will be necessary to stimulate the production of live stock in this country as well as place it on an equal footing with other countries.

Senator SMOOT. What is it?

Mr. PRYOR. That you enact a duty of 20 per cent ad valorem on all cattle and hides imported into this country. That you enact a 20 per cent ad valorem duty on all live stock imported into this country.

That a duty of 20 per cent ad valorem be placed on all fresh and prepared meats, subject, however, to a minimum of 4 cents a pound specific duty.

I can look you men right in the face and tell you that in Mexico we pay our helpers $15 a month in Mexican money, and they feed themselves. That would be $7.50 a month in our money. That is going on to-day.

On this side of the river in Texas we pay our cowboys $30 a month in Arizona and furnish them everything.

My son-in-law has recently leased 650,000 acres in what is known as one of the most beautiful countries on the face of the globe. This land lies in a valley 40 miles long and 10 or 15 miles wide, with mountains on both sides. He has leased it for 15 years, at what I have seen the tract. He leased it for 1½ cents an acre for the first five years, 3 cents an acre for the second five years, and 5 cents an acre for the third five years.

Senator SMOOT. That is in Mexico?

Mr. PRYOR. That is in Mexico; and that is parallel with conditions in those southern countries, as a rule, We are leasing our lands in our country all the way from 15 to 40 cents an acre.

I am interested in one property in Mexico, 170,000 acres, that we get $1,000 a year for; that land on this side of the river would lease for $40,000 or $50,000 a year. I am giving those figures so that you may understand why we need a tariff on cattle.

I have been in the cattle business for 52 years.

Senator MCLEAN. What is the matter with the Mexicans that they do not get more rent for their property?

Mr. PRYOR. There is nobody to buy their property but Americans and the reason we do not buy anything down there is fear of the stability of the Government.

Senator MCLEAN. I should think there would be competition among Americans that you could get pasture at that rate.

Mr. PRYOR. You would think so. I am now preparing to move 3,000 cows across the border into that country, in January.

As I told you, I have been in this cattle business 52 years. I have seen the cattle go up; I have watched the tariff under the Dingley and the Underwood bills. Gentlemen, it is my honest opinion that if it had not been for this World War the Underwood bill would have brought destruction to the cattle industry in this country.

The CHAIRMAN. And to every other industry.

Mr. PRYOR. It would have brought that, and the Democratic Party would have been put out of power on account of that. I know that for this reason, that immediately after the Underwood bill was passed I was importing a good many cattle from Mexico. I was paying the United States Government 20 per cent ad valorem. I would bring over 10,000 in a year. Immediately after the Underwood bill was

›assed we brought them in free, and the Mexican Government put 20 ›er cent on and they got the money and the United States did not.

And then the beef from South America began to come into this ountry in increasing quantities, and would have come in here in ufficient amount to have ruined us if it had not been for the war and he demand for beef in the war zone that diverted it from South merica over to Europe.

Immediately after the armistice was signed, what happened? hey began to load these ships in South America with beef and iutton for the United States, and they brought into this country in 919 and 1920 a sufficient quantity of mutton and beef which, when ut into carload lots, would make 13,000 carloads. I have worked it ut into car lots, and for this reason: I wanted to show the difference. 'ou take 10,000 cars of mutton and sheep from the various ranges all ver the United States and ship them to market. The railroad comanies get the freight. The shipper on the train and the stockyards nd every interest, besides what the farmers have used to produce his beef, get something out of it. When the check is given for the eef it goes back to some country bank or is paid on some hardressed cattleman's paper.

Compare that transaction to 13,000 carload lots of beef brought in om foreign countries. It slips into our country without ever spendig one dollar in this country. It gets unloaded in these ports, put ito the trade. Ninety or 95 per cent of it, I will say, has gone back › some foreign country.

I say to you, gentlemen, after 50 years' experience that this ›untry has never been touched, when it comes to producing cattle nd hogs and sheep, in the matter of capacity. We can take care of nd produce 100,000,000 cattle in the place of 67,000,000, if we have ie encouragement to do it. Every farm in the country ought to have ittle on it.

The greatest farming county in the United States is Lancaster ounty, Pa. What makes it the most fertile land and the best farms i the United States? They feed cattle every year in Lancaster ounty. They buy them in the markets and take them there and ed them. For what? To get the droppings and manure on their rms. If that was done in all the other counties and in all our nge country, we would produce 100,000,000 cattle; would feed the merican people with 75 per cent and probably take 25 per cent and iip it abroad.

That is better than to discourage us and make us cut down our oldings.

The markets of Fort Worth alone this year, which is only a State arket—it is not a big market like Kansas City and Chicago— iipped up to a month ago 145,000 more calves than they did last ear. Why? They are discouraged. No tariff has always dis›uraged them. They have other things that discourage them. I ill touch on that in a moment. I do not mean to lay all of the iscouragement to the low tariff, but the low tariff did start us downard. Cattle was the first to start on the downward tendency in this ›untry, and the imports of meat brought into this country is what id it. Then there was the stringency of the money market.

The CHAIRMAN. We are very glad to get this out of the way. If ›u want a tariff on hides, you are interested in hurrying us along?

Mr. PRYOR. That is right.

The CHAIRMAN. You have as much interest as we have in shortening the hearings.

Mr. PRYOR. Yes, sir. I am going to file this brief with you; it gives absolutely concrete reasons. May I read one paragraph of that brief?

The CHAIRMAN. Go ahead.

Mr. PRYOR (reading):

We have in the United States 20,000 millionaires, judging from the income tax records. This estimate is based on the assumption that each individual who pays taxes on an income of $50,000 or more is the owner of a million-dollar estate, and it is very probable this estimate is a conservative one.

More than 6,000 of these millionaires live in New York State and probably 90 per cent of the others live north of the Mason and Dixon line and east of the Mississippi River. How many of these men made their millions in farming? Whoever heard of an "honest-to-God" millionaire farmer? "No such animal." How did most of these millionaires make their money? The answer is, in the manufacturing business. Who furnished the raw material for their plants? The live-stock raiser furnished the cattle, sheep, and hogs from which they produce beef, mutton, and pork to feed the world. They furnish the hides and wool, which the manufacturer converts into leather and cloth to shoe and clothe the world. The farmer furnishes the cotton from which the manufacturer creates cloth to make clothing for the people. They also furnish the grain from which to create flour, meal, and cereals to feed the people.

That comes out of the ground; that is where the manufacturer gets it.

Here is exhibited the community of interest, one absolutely dependent upon the other, which should be a 50-50 proposition instead of—well, I can't even guess what per cent the farmers and ranchmen receive for their so-called raw material as compared with what the manufacturer receives for the finished product.

BRIEF OF ISAAC T. PRYOR, SAN ANTONIO, TEX., REPRESENTING AMERICAN NATIONAL LIVE STOCK ASSOCIATION AND TEXAS AND SOUTHWESTERN CATTLE RAISERS' ASSOCIATION.

The farm and ranch industry of this country is the very life and vitals of its existence. It should have a superior claim because its prosperity is the Nation's best protection.

By the very nature of this business it is more exposed to adverse influences and has much less protection against losses than any other business of similar importance.

Hence, the farmer and ranchman should have credit in larger proportion than has been extended him in the past. Increase their credit and they will increase their production, provided they receive fair treatment as to a tariff on their products.

The farming and live-stock interests are suffering from competition with raw material from foreign countries imported into this country free of duty; they can not compete with cheap labor employed to cultivate or raise stock on cheap land and maintain our standard of living and property values. If they are forced to do this, then poverty is their heritage. The farmers and the ranchmen are as much entitled to a tariff on the so-called raw material as the manufacturers are on their finished product.

Why should they be compelled by law to sell their products in a free market and buy in a protected one? It is an unjust discrimination.

The tariff affords a degree of protection and at the same time produces a revenue, thus reducing our tax burden just that much and the less taxes we pay the more we can lay aside for a rainy day.

We talk about a tariff of least a sufficient amount to equalize the cost of production here and abroad. Who knows or can find out the exact cost of production? Take the cattle business for example. It costs less to produce a beef in south Texas ready for slaughter than it does in north Texas. It costs less to produce a beef in Texas than in Nebraska, and less in Kansas than in Illinois. One year it can and does often cost 25 to 50 per cent more to care for an animal than the previous year, or the year following, hence the cost of production will vary all over the United States according to local conditions, etc.

We should, however, place a tariff sufficiently high on live stock and the products of live stock to cover the maximum cost of production, compared to that of foreign countries, plus a reasonable profit, and at the same time not so high as to create a monopoly in this particular branch of agriculture.

We should not ask for favors in any form but oppose favors in all forms. It is asking no favor to put us on an equal footing with foreign importers, and when we don't receive that consideration from Congress then the favor is extended the foreign producer of raw material and not the home producers, which is absolutely unfair.

To better understand the importance of protecting our live-stock producers by a proper tariff, the following statistics should be studied carefully:

Population, and number of cattle and sheep.

	Population.	Cattle.		Sheep and lambs.	
		Prewar period.	Recent estimates.	Prewar period.	Afterwar period.
[Arg]entina	8,284,000	25,867,000	35,000,000	81,485,000	8 ,000,000
[U]ruguay	1,379,000	8,193,000	7,802,000	26,286,000	11,473,000
[B]razil	26,542,000	30,705,000	37,500,000	10,653,000	7,000,000
[A]ustralia	4,971,000	11,745,000	11,040,000	92,047,000	91,676,000
Total	41,176,000	76,510,000	[1] 91,342,000	210,471,000	[2] 193,149,000
[U]nited States	106,653,000	61,804,000	[3] 67,866,000	52,448,000	[4] 39,863,000

[1] Increase, 19 per cent. [2] Decrease, 8 per cent. [3] Increase, 9 per cent. [4] Decrease, 4 per cent.

The four competitive countries mentioned are known to consume less meat per capita than our people and their population is less than 40 per cent of that of the United States, yet they raise nearly 40 per cent more beef and four times as much mutton as we do, and consequently export the bulk of their meat.

Argentina has more than 4 cattle and 10 head of sheep per capita, while we have but little more than half a beef per capita and less than half a mutton per capita. The meat markets of this country are in large cities, most of which can be reached by water transportation. In other words, at least one-third of the American people to-day can be reached from foreign countries by water transportation and when the great canal is built which will connect the lakes with the Atlantic Ocean, thus permitting ocean going ships to reach Chicago, one-half of the American people can be fed by water transportation from foreign countries.

COST OF ARGENTINE LABOR.

From the Pan American Union statistics it develops that farm laborers in Argentina receive from $10 to $20 per month and board, so it is plain that with our farm labor being paid from $30 to $40 per month and board, our labor cost of production must be more than two or three times as great as Argentina.

It should also be considered that these competitive countries still have enormous tracts of free range, and the cost of raising cattle is much less than here. Land values and pasture charges are much lower than in this country, and there is hardly an item of expense incident to the live-stock business that is not very much less in competitive countries than here.

Live-stock receipts at market centers declined more than 10 per cent in 1920, as compared to 1919. On such a decline in receipts why didn't cattle, hogs, and sheep increase in price? The answer is, imports of meats free of duty is various forms took up the slack and prevented the advance; on the contrary, pressed the market downward. Cattle led in the decline of agriculture products in 1919 and has been on the toboggan ever since. Each month live stock has dropped a little lower than the previous month; now 7 cents per pound live weight looks as good to us as did a 15-cent live weight in the spring of 1919.

Over 80,000,000 pounds of mutton and lamb was imported into this country in 1919 and 1920.

Putting the average mutton carcass at 40 pounds, it seems there were the equivalent of more than 2,000,000 sheep brought into this country free of duty during said period and of this number three-fourths arrived during the year 1920.

BEEF AND VEAL IMPORTS.

More than 100,000 carcasses of beef and veal were also imported into this country free of duty in 1919 and 1920, making a total of over 3,000 carloads of cattle and about 10,000 carloads of mutton and lambs. This vast amount of meat was brought into this country in ships which entered our harbors from the high seas without the expenditure of one single dollar in this country before it reached our large consuming centers. When sold, at least 95 per cent of the proceeds was returned to some foreign country—practically little or no benefit to our commerce in any way. This is the direct result of no duty.

What if this 3,000 cars of cattle and 10,000 cars of mutton and lambs had been marketed from our farms and ranches in this country? Our railroads would have received freight on 13,000 cars of cattle and sheep, the charges for switching and bedding the cars, feed, yardage, attendance, war tax, also a commission charge would have been distributed among the various interests named and finally, and most important, the net proceeds would have been deposited in our home banks or applied on some hard-pressed cattle or sheep man's paper. This would be the result of a protective duty on imports. Which do you want and which will do the most general good? It does not take a Solomon to answer this question.

Had it not been for the World War the Underwood bill would have wrought destruction to agriculture, also brought grief to the Democratic Party. Immediately after this Underwood bill was passed dressed or frozen beef and mutton began to be diverted from Europe to this country in large and increasing quantities. Only the war and the great demand for meat in the war zone gave us temporary relief from the imports from South America. Shortly after the armistice was signed these great foreign ocean-going vessels began loading—not only meats, but other agricultural products—in great and increasfng amounts. On January 5 of this year two ships reached the United States loaded with 270,262 carcasses of mutton, and three other foreign ships were en route to this country loaded with mutton. Five ships in one month containing about 675,655 carcasses, or 34,687,580 pounds of meat, coming in free of duty is a staggering blow to the meat producers of the United States.

NO MILLIONAIRE FARMER.

We have in the United States 20,000 millionaires, judging from the income-tax records. This estimate is based on the assumption that each individual who pays taxes on an income of $50,000 or more is the owner of a million-dollar estate, and it is very probable this estimate is a conservative one.

More than 6,000 of these millionaires live in New York State, and probably 90 per cent of the others live north of Mason and Dixon's line and east of the Mississippi River. How many of these men made their millions in farming? Whoever heard of an "honest-to-God" millionaire farmer? "No such animal." How did most of these millionaires make their money? The answer is, in the manufacturing business. Who furnished the raw material for their plants? The live-stock raiser furnishes the cattle, sheep, and hogs from which they produce beef, mutton, and pork to feed the world. They furnish the hides and wool, which the manufacturer converts into leather and cloth to shoe and clothe the world. The farmer furnishes the cotton from which the manufacturer creates cloth to make clothing for the people. They also furinsh the grain from which to create flour, meal, and cereals to feed the people.

Here is exhibited a community of interests, one absolutely dependent upon the other, which should be a 50–50 proposition, instead of—well, I can't even guess what per cent the farmers and ranchmen receive for their so-called raw material as compared with what the manufacturer receives for the finished product.

I respectfully submit for your careful consideration the following schedule of import duties that in my opinion will be necessary to stimulate the production of live stock in this country as well as place it on an equal footing with Mexico and Central and South America.

First. That you exact a 20 per cent ad valorem duty on all cattle hides imported into this country.

Second. That you collect a 20 per cent ad valorem duty on all live stock imported into this country.

Third. That a duty of 20 per cent be placed on all fresh and prepared meats brought into this country, subject, however, to a minimum of 4 cents a pound.

FROZEN MEATS.

[Paragraphs 701 and 702.]

TATEMENT OF GEORGE W. ARMSTRONG, FORT WORTH, TEX., REPRESENTING THE CATTLE RAISING INDUSTRY.

The CHAIRMAN. Where do you reside, Mr. Armstrong?

Mr. ARMSTRONG. Fort Worth, Tex.

The CHAIRMAN. What is your occupation?

Mr. ARMSTRONG. Cattleman, cattle raiser, and manufacturer.

The CHAIRMAN. Manufacturer of what?

Mr. ARMSTRONG. Iron and steel and oil and oil-well supplies.

The CHAIRMAN. Will you state to the committee what you have to y upon the subject of cattle raising and the importation of cattle, suggested by Senator Gooding?

Mr. ARMSTRONG. Gentlemen, I understand you have had this frozen eat and live-stock importation question covered, and that I am tak-g up some one else's time. I therefore will only call attention to one hase of this matter that perhaps has not been presented to you—I n a cattleman; have been engaged in the business for 10 years, and every branch of the business. I have been largely a breeder of ttle, but I have also fattened cattle of all kinds—baby beef, full-fed ttle on corn, on cake, and on the grass.

I am not going into the question of costs, unless the committee de-res it, because that perhaps has been covered by others and your me is very much occupied.

In 1915, I think it was, or 1916, I made a trip with Dr. Ladson, of he Bureau of Animal Industry, of the Department of Agriculture, nd Mr. Uribe, connected with the Colombian legation, through olombia for the purpose of investigating range conditions and the attle industry of Colombia. The Government was making the in-estigation there for the purpose of determining whether or not those attle would be admitted into this country. They were looking pecially into the question of the foot-and-mouth disease. The olombian Government claimed that they had no such disease in hat country, and that their cattle should be admitted into the United tates.

I went there for the purpose of determining whether or not they ould be admitted, and if they were I wanted to open up a ranch in hat country, because lands had gotten so high and feed so high and he cattle industry had become unprofitable, so that I was at the time onsidering the matter of either going out of the cattle business or etting into a country where lands were cheaper and conditions etter. Dr. Melvin, who was the Chief of the Bureau of Animal ndustry, kindly consented that I should go with this delegation.

I found the greatest cattle country that I have ever seen. I doubt f the Argentine will compare with it. I have never seen that coun-ry, but certainly we have nothing in America to compare with it.

We went up the Sinu Valley, and then we went across on horse-back. I spent two months in the country, and I visited a number of the ranches except on the Pacific coast. I did not go across to the Pacific coast. We got as far as Bogota, and turned back.

Senator WATSON. Are they now shipping cattle into this country from Colombia?

Mr. ARMSTRONG. I think not. I do not think they will be permitted to ship cattle into this country, if you will allow me to say, Senator, because they have a disease, called surra, or rinderpest, which is fatal to horses, but can be transmitted through cattle. It does not seem to injure the cattle; they have it in a latent form. But through the cattle it can be transmitted by the fly to horses, and there is no recovery from the disease. When a horse takes it, death follows. There are no horses in that country, practically speaking, because of the disease of surra. They have had ravages of it in the different sections of the world; practically all of the horses becoming infected with it die. Dr. Ladson found that disease——

Senator LA FOLLETTE (interposing). You say it is carried by a fly?

Mr. ARMSTRONG. By a fly; yes, sir. It is a disease of the blood, and it separates the corpuscles of the blood—the white corpuscles form a bag under the stomach of the horse and he is feverish. But they usually kill them when they take the disease; they had as well kill them.

I did not buy in the country because of two things. They were expecting the building of three packing plants—Armour, Swift, and Morris—and claimed that they had promises of those plants, and that the building was suspended during the war. There was some uncertainty about it, and Dr. Ladson told me that the cattle would not be admitted into this country.

What I want to impress upon you is the fact that in that country they do not feed cattle at all; they have this para grass that grows 6 or 7 feet high. It is fattening; cattle stay fat on it the year around; it is also green the year around. One acre of it will fatten, they claim, from three to five head of cattle. That grass grows in the valleys, it grows—if you have ever seen Johnson grass——

Senator CURTIS (interposing). It grows, also, as high as 3,000 feet above the level of the sea.

Mr. ARMSTRONG. As high as 3,000 feet?

Senator CURTIS. Yes.

Mr. ARMSTRONG. It would be so high that in traveling through the country on horseback you could not see the cattle until you got within 10 or 15 feet of them, it was so thick and high; and the cattle were as fat as they could be.

Senator WATSON. Is the beef from that country admitted to European ports?

Mr. ARMSTRONG. At that time they had no packing plants.

Senator WATSON. Have they packing plants now?

Mr. ARMSTRONG. I am not posted about that. But they must have, because they claim to have from 5,000,000 to 20,000,000 head of cattle down there. I am suré they have as many as 5,000,000 head. The estimate has been made that Colombia has from 5,000,000 to 20,000,000 head, but they do not know how many they have. In the country between Venezuela and Colombia there is a vast plains country where they have a great many wild cattle, and how many they do not know, of course, as they are uncounted. The cattle are very cheap there, as they are very cheap here now; but they were cheaper there than they are here at this time.

They can raise beef there, I estimate, at 2 or 3 cents a pound. In his country beef can not be produced any more at less than 7 cents ı pound; and prime beef can not be produced at less than 10 cents a ound. I doubt if it can be produced at 7 cents in any section of his country.

Senator McCumber. You mean on the hoof?

Mr. Armstrong. Yes, sir. It may be that it can be done in south-'est Texas under favorable conditions—but that is a country where hey have devastating droughts that wiped them out of existence once ı awhile. When they have a good year they can produce beef ery cheap, because they do not have to feed and they get the early arkets, and their wintering cost is very light.

Gentlemen, I would be glad to talk to you longer, but I realize I m trespassing on your time.

Senator Smoot. Why did you not invest down there?

Mr. Armstrong. I did not invest for the reason that there was ot a market for the cattle.

Senator Smoot. That was not the reason that Mr. Knight did not vest, because he made the same kind of an investigation you made.

Mr. Armstrong. Who was that?

Senator Smoot. Ramond Knight. I happened to be interested ightly in a cattle company that he was manager of, and he made at same examination. He decided not to go into the cattle busi-ss in Colombia on account of the diseases the cattle were suffering om there. He makes the same kind of a report that you do, but also says that he did not want to take the venture because of e fact that the cattle were affected down there in many ways.

Senator La Follette. Not from the fly?

Senator Smoot. No. The death rate among cattle was exceedingly gh, and he did not feel that he wanted to take the chance.

Mr. Armstrong. That was not true of the country I visited. the country I visited the cattle had bigger calf crops than we ve here, and their cattle were fat from the calf on.

Senator La Follette. What year were you there?

Mr. Armstrong. I was on my way there when the *Lusitania* was nk, which I think was in 1915 or 1916.

Senator Smoot. It was in 1915?

Mr. Armstrong. It was that year that I was there.

Senator Smoot. Mr. Knight made the examination in 1913, and that time he decided that it would not pay him, and he went to nada.

Mr. Armstrong. He may have gone over territory that I did not it. My tour was confined largely to the Sinu and the Magdalena vers. I went to Cartagena and went up the Sinu, and then rode horseback across to the Magdalena and came back from Barran-illa, a port that is near the mouth of the Magdalena River; and the ly reason I did not invest down there—the land was cheap—but ad no market for the cattle except the mines. The people there eat beef, and beef was very cheap, but they were producing all beef they needed.

Senator Smoot. What took Mr. Knight there was that he had n many of the Colombia cattle on the English market; in fact shipped cargoes of cattle to England and saw the beef from

Colombia there, and that is what took him to Colombia. As I say, he refused to go into the cattle business there.

Senator La Follette, I understood you to say, Mr. Armstrong, that you did not anticipate that there would be any importations of cattle from Colombia?

Mr. Armstrong. Not of cattle, but there will be of beef, Senator, because the packers now have, I expect, as much packing-house capacity in South America as they have in North America—the "Big Five" packers—and they will go where the cattle are. They may not be there, but there are enough cattle there now to justify the building of a packing house, and certainly the conditions ar such that they can be greatly increased. They can produce instea of 5,000,000—if they have 5,000,000 cattle there now, and I am sure they have—I think the country can produce 50,000,000 cattle.

Senator McCumber. You think, then, the character of the diseas from which practically all the cattle are suffering will not be such to prohibit the importation of the meat?

Mr. Armstrong. It will not. The disease is not in the meat; it a true blood disease.

Senator McCumber. If it is in the blood I can not see why it is no in the meat.

Mr. Armstrong. I am not posted about those matters, except th my information was altogether from Dr. Ladson, and he said th meat could be very safely shipped into this country, and he was th representative of the Department of Agriculture.

Senator La Follette. This disease, as I understand you, does n affect cattle?

Mr. Armstrong. It is in the cattle, but in a latent form; it c be transmitted from cattle to horses, but it does not seem to hurt t cattle.

Senator La Follette. It is transmitted by infection of the fly?

Mr. Armstrong. It is transmitted by the fly; yes, sir.

Senator La Follette. But it is not communicable by contact herding them together or anything of the sort, excepting as the conveys it, as I understood you?

Mr. Armstrong. I should think the blood when it is dead wou kill the disease; that it would take the life blood of the fly; and should think there would be a limit to the life of the germ that is the blood.

At any rate, I inquired into that feature of it, because I conside buying a place and just waiting until the plants were establish Land was cheap and I wanted to get a cheap country in which raise cattle, and I would not have considered that for a mom except that they assured me that the meat could be safely expor and that these plants were going to be located there when the was over. I seriously thought of buying a ranch; in fact, I made offer on one ranch there, which was not accepted.

This land will support three or four cattle, as it is well set w grass and is worth about $5 an acre; that is, the valley land; the land is worth anywhere from 10 cents an acre up to $1.

Are there any questions any of you gentlemen desire to ask?

The Chairman. Is that all?

Mr. Armstrong. That is all I care to say.

The CHAIRMAN. Senator Townsend, do you have some one to resent——

Senator SIMMONS (interposing). Mr. Armstrong, I have some vague ecollection—and it is vague, I admit—that when we were considerng the emergency tariff act some witness stated, either to me personlly or to the committee, I have forgotten which, that this South merican meat did not go well on this market, and that the packers ad had some difficulty in disposing of it in the United States. Do ou know anything about that?

Mr. ARMSTRONG. I am not posted about that, Senator; I do not now. I see no reason why it should not. The truth is there is not ny difference, so far as I know, between fat beef, no matter whether is made from corn, cake, or grass. The packers do make a differnce in the price, but they do that for the purpose of encouraging the eding of cattle. So far as the quality of the beef is concerned, asuming it to be fat, and assuming it is the same grade and kind of ttle, I do not think there is any difference. Of course, there is a fference between fat beef and lean beef, but I do not think there any grade of fat beef so far as quality is concerned.

Senator SIMMONS. The packers are, I suppose, for preserving the eat on the water from there here?

Mr. ARMSTRONG. I am sure that they have boats for that purpose, though I am not very well posted about that.

The CHAIRMAN. You have no definite suggestion to make on the riff?

Mr. ARMSTRONG. Well—yes, sir. I have just this suggestion, Senor Penrose, that the tariff cover all of the products of the steer—at it cover beef, hides, as well as the live steer—because there is no otection unless you do; of course, there is some protection if you ve out the hide. There is absolutely no protection if you leave t frozen meats. It is far better to have a tariff on frozen meat than is on the live cattle, because the competition largely will come m frozen meat, and for another reason, gentlemen, the packers ve not been exactly pleased with the attitude of the breeders—and am not unfriendly to the packers, either; I make this statement cause it is true. The breeders have been more or less antagonistic; ere has been more or less fighting on the part of the breeders, and, course, the packers have fought back, and the breeders are absoluely at the mercy of the packers. The packers can put the market and down whenever it suits them. They can kill beef in South nerica and bring it in here and manipulate the market to suit their rposes. If we are not "good" as they think we ought to be, they n say, "Well, now, we will just bring in a lot of beef from South nerica and keep this market down, and we will see if we can not eze a lot of these people who are not the right sort and let a new op' come on that may have a little sense."

The packers are no worse than the average men. I do not want make any other impression on you at all. Perhaps a lot of the ilt is on the part of the breeders; I think a great deal of it is misderstanding on the part of both the breeders and the packers, and breeders are not without fault. But they have the power and have not; and they having the plants in South America and havthe power to manipulate this market by bringing beef in here

whenever it suits them or taking it somewhere else, we are at their mercy, and that is too much power for one set of men to have over the destiny of another. And if we do not have this—though this alone will not do it—the tariff is not going to restore the cattle industry, because it has been too badly hurt—I think I will go out of the business. I intended to go out before the war or go to some other country. But the war came on, and I thought prices would go up and then the Government said it took food to win the war; and while I had been running about 6,000 or 7,000 head of cattle, I increased my herd to 10,000, though I have cut it down now to 2,000, and unless I can see more in it than I now see I am going out of the business. I have lost nearly $600,000 in it. I have lost money every year during the last 10 years except 2, and only made money 1 year, and think that I have given it the right sort of thought. I think I have operated the business as it should be. I am able to make money in other lines of business, but it is not in the cattle business. It is an impossible business under the existing conditions. The cattlemen are broke. I think the Government is going to have to go further than the tariff. There is going to have to be something done that has not been done yet or the cattle industry is a thing of the past.

Gentlemen, I am a convert on this tariff question. I have been a Democrat all my life—a Democrat believing in tariff for revenue only. But this war opened my eyes to the importance of protecting the basic interests of the country. I am for protection not for the cattle business alone, but for every basic industry in this country, because I think the country ought to be self-contained if it is to be strong in war and in peace, a prosperous country, and a country which can endure; that it is better to have a self-contained country and protect these basic industries than to build navies or maintain armies. If Germany had been that character of country, there might have been another tale. It would be a national calamity to let this industry that is suffering as it is now be stifled—and it is going that route at a much faster rate than you gentlemen think; disaster is sure to result. In the Fort Worth market this year—I know I am transgressing, and I am saying more than I ought to say—but I just want to mention this fact—we have had three calf-killing years on the Fort Worth market. I have not seen the daily publication—

Senator La Follette (interposing). Just what do you mean by that?

Mr. Armstrong. I mean by that that owing to drought, financial conditions, and other things the calves have been slaughtered. This year has been the worst of all. I am just mentioning the Fort Worth market because I see those statistics published in the papers every day, and I might give them as of a month ago, and I can not give them exactly, but approximately; and the last time I saw the statistics there had been 400,000 cattle marketed there of all grades except calves—that means cows, yearlings, and steers, everything except calves. But there had been 300,000 calves. Of the 400,000 cattle that were marketed that were not calves, part of them just went through the market to outside buyers. But the 300,000 calves all went to slaughter, and that is 100,000 more than last year, which was also a calf-killing year.

In two years' time, gentlemen, you are going to have to import beef, and you are going to have to pay the price for it. This country will never be an exporter of beef again; it is only exported to-day because the buying power of the people is limited, because of the financial situation. But we will not export beef any more after things become normal, and we are going to have to import a great deal of it, and it s not coming to the consumer any cheaper.

If you destroy the cattle industry in this country you are at the nercy of the foreigner, and eventually the consumer will pay the price. He may get a little temporary relief, but it will not be permaent.

Gentlemen, I want to record myself—I have done it publicly in ny home State—before you as for a protective tariff, not only raw materials, but on finished products and for every basic industry.

Senator SIMMONS. Mr. Armstrong, if I understand you, you mean o say to the committee that in your judgment the price of beef in his country is fixed by the packers?

Mr. ARMSTRONG. Absolutely.

Senator SIMMONS. And the price of live stock is fixed by the ackers?

Mr. ARMSTRONG. Let me qualify that: The price of beef is not holly fixed by the packers, gentlemen. In my opinion the packers hould be required to do the retailing. The price of beef is fixed to a ery large extent by the retailers.

Senator SIMMONS. I am not talking of what it ought to be, but I n talking of what it is.

Mr. ARMSTRONG. The finished beef price is largely fixed by the tailer. The retailer is undoubtedly doing more profiteering.

Senator SIMMONS. The packer can practically pay what he pleases r live stock, and he sells the manufactured product.

Mr. ARMSTRONG. He sells it wholesale; yes, sir.

Senator SIMMONS. Would that situation that you have referred be changed if we should build a wall around this country and not rmit any beef to come in at all?

Mr. ARMSTRONG. Not entirely; that would be only a step in that rection.

Senator SIMMONS. If that be true, do you not think the packers ve an absolute monopoly of the business here, and that it might nd to break that monopoly if you would let them have some little mpetition from the outside?

Mr. ARMSTRONG. There is not any competition——

Senator SIMMONS (interposing). It is not a question to my mind, e way you put it, of competition between the outside and the procer of live stock in this country, but it is a question of competition m the outside with the packers. Would you want to turn the rket over to them?

Senator LA FOLLETTE. The packer is the outside competitor, is not?

Mr. ARMSTRONG. I was going to say there is not any competition m the outside.

Senator SIMMONS. If it is true that the packers own all the meat the world, there can not be any. But do they?

Mr. ARMSTRONG. They do not own the meat, but the packers of the world——

Senator SIMMONS. Do they own it all?

Mr. ARMSTRONG. I do not mean to say they own it all; they do not own it all in this country, but they more nearly predominate in other countries, and especially the South American countries, than here.

Senator SIMMONS. Then, if the packers have a monopoly here, and if the packers at the same time have a monopoly in all the other countries of the world which grow stock, by reason of the fact that they own the packing plants there, what good can the tariff do in a situation of that sort?

Mr. ARMSTRONG. We have a limited supply of beef. The tariff can preserve this market here for the American people. I think you are going to have regulation of the packers, and do not understand me to say before this committee that a tariff would give all the relief the cattlemen need. They require financial help also.

Senator SIMMONS. Would not this be the operation of that? They have a monopoly here. If they have to bring it in from abroad and pay a little tax for bringing it in from abroad, he can simply add that tax to what he brings in from abroad to what he sells here without increasing the price one particle for the stock?

Mr. ARMSTRONG. That would be the effect; yes, sir. Of course if the packer must pay the tax when it comes in here, he is paying that much to the Government?

Senator SIMMONS. Yes.

Mr. ARMSTRONG. And if it does not affect the price, the Government gets the tax. If you can protect us against the fellow who is producing cheaper, the man who is making his beef at 3 cents, if you can make it cost more laid down here, the tendency is to put the price up here. The packer is not going to indulge in the foolish thing of paying taxes always, you know, because it costs him money, and he is going to fight with some discretion.

I do not pretend for a moment, gentlemen, to say that the tariff is going to solve this question. I am here to say to you that the cattleman needs this protection and he needs more than this protection. This is but a step and the only one that is now being considered. If you do not want this industry to perish you have got to regulate the packer—and I am in favor of regulating the industry and not in favor of Government ownership—you have either got to inquire into the cost and provide some methods of giving us a living price or you have got to valorize the industry as they do in Brazil and other countries, and as advocated by Secretary Meredith or——

Senator SIMMONS (interposing). I agree with you entirely looking at the subject from the standpoint of revenues. The packers, if they control this market, can control all the markets of the world. If you put a tax on them, of course, they would have to pay a certain amount of money into the Public Treasury and the people would have to pay that much more for their beef. But, I did not understand that you were presenting it from the standpoint of revenue. I thought you were presenting it from the standpoint of protection of that industry. Now, if you are going to present it from the standpoint of revenue, I should think that the last thing possible that

ught to impose a tax on for revenues would be a thing that is niversally consumed as a food product by the people. So, I would ot be disposed sympathetically to look at it from the standpoint f revenue.

I want to get just a little detailed information: Will you name the ountries from which beef is imported into this country?

Mr. ARMSTRONG. I think the larger volume of beef comes from e Argentine.

Senator SIMMONS. The packers, you say, control the situation ere?

Mr. ARMSTRONG. The packers have the principal plants there.

Senator SIMMONS. I am just trying to find out how powerful the ackers are.

Mr. ARMSTRONG. Well, my information is, Senator, that the three g packers have 20 or 21 plants in South America. My information mes from a packing house official. If that is true——

Senator SIMMONS (interposing). And that gives them control of e beef markets——

Mr. ARMSTRONG (interposing). And there are no other plants of nsequence in South America?

Senator SIMMONS. Go now to the next country.

Mr. ARMSTRONG. And that gives control to them of the frozen ef industry of that country.

Senator SIMMONS. Go to the next.

Mr. ARMSTRONG. I do not pretend to be well informed on these bjects, but I know the packers have plants in Australia and New aland. There is not a meat-producing country in the world that oduces a large amount of meat that I dare say that the packers ve not plants.

Senator SIMMONS. Then, in that situation, in your judgment, the ckers are in no danger from competition from the outside?

Mr. ARMSTRONG. They compete with themselves alone.

Senator SIMMONS. And they control this market absolutely?

Mr. ARMSTRONG. Yes, sir.

Senator SIMMONS. And every other market?

Mr. ARMSTRONG. Yes, sir.

Senator SIMMONS. Did you refer to the American packers when u say they have plants all over the world?

Mr. ARMSTRONG. I am speaking of the American packers. Gentle-n, let me say this again, that I am not unfriendly to the packers. ey are my personal friends. I have been associated with them, d they do not regard me as unfriendly. But they have got too ich power, and that power ought to be curtailed, and this is but a p in that direction.

Senator SMOOT. Mr. Armstrong, you have touched upon the ques-n in the proper place, when you said that as far as the consumer is ncerned the retailer is the man who charges the exorbitant prices.

Mr. ARMSTRONG. That is my understanding. My understanding this time is that the packers' wholesale prices are now reasonable; t the retailer is the man who is doing the profiteering.

Senator SMOOT. When the packers were paying $9 to $10 for lamb, d now they are paying $2 or $3, lamb chops are just as high to-day the consumer as they were at that time.

Mr. ARMSTRONG. We have got too many retail establishments. The packer has his cold-storage plants, and it seems to me to be in the interest of economy that he do the retailing, and that he should be regulated, and that he should be allowed a reasonable profit for his service, and that the producer be allowed to receive a reasonable profit, and I think that that is really the final solution of the problem.

Senator McCUMBER. Would you put all of the little butcher shops in the little villages all over the country out of business and put that business into the hands of the packers?

Mr. ARMSTRONG. I think you would get better service if you did that; you would get better meat and get it in the long run at a more reasonable price.

Senator McCUMBER. What would you have him do as a business—send him into the stock raising, then?

Mr. ARMSTRONG. Of course, it might be best for him to do the stock raising, too. But he would not want to go that far, and you could not get him that far. But the packer has the instrumentality for handling the beef from the hoof to the consumer.

Senator McCUMBER. That is true of every great monopoly in the United States. If they could be the producer and the retailer, too, the American public could have its meat cheaper, so far as profits are concerned. But what would the balance of the American people be doing if they allow a few monopolies to be the entire producers; and if it would apply to the meat business, would it not apply to every other character of business?

Mr. ARMSTRONG. We have got the monopolies, and we have been trying to break up monopolies here for a number of years ineffectually. We had just as well recognize the fact that they are here and regulate them. We are not going to break them up.

Senator WATSON. Mr. Chairman, I do not desire to interrupt the witness, but while this is very interesting I am reminded that we are here to make a tariff bill.

Senator SIMMONS. You can no more regulate the retailers than you can the packers.

Senator LA FOLLETTE. Just a moment. You stated that so far as the wholesale price is concerned that the packer is charging reasonably?

Mr. ARMSTRONG. That is my understanding; yes, sir.

Senator LA FOLLETTE. But at the present the price that he pays the producer of beef is not unreasonable, is it?

Mr. ARMSTRONG. It is about 50 per cent of the cost of production.

Senator LA FOLLETTE. At the present time?

Mr. ARMSTRONG. Yes, sir.

Senator LA FOLLETTE. At the present time he is taking his excessive profit out of the producer of beef instead of taking it out of his wholesale price to the public?

Mr. ARMSTRONG. I doubt very much if he is making an excessive profit.

Senator SIMMONS. He is taking his excessive profit out of the producer and giving the retailer an opportunity to get his excessive profit in another way?

Senator LA FOLLETTE. Yes.

TALLOW.

[Paragraph 701.]

ATEMENT OF FLOYD M. BARNES, CINCINNATI, OHIO, REPRESENTING LAUNDRY SOAP MANUFACTURERS OF THE UNITED STATES.

Mr. BARNES. My address is Cincinnati, instead of Washington, C., as printed in the schedule. I am connected with the Procter & mble Co., of Cincinnati, Ohio, and represent the Soap Makers' sociation on tariff questions. I am speaking more particularly to ragraph 701, namely, tallow.

Tallow represents one of the principal basic raw materials of soap, d to-day is approximately 25 per cent of our raw materials. We e asking that tallow remain on the free list.

About 75 or 80 per cent of the laundry soap sold in the United ates are tallow soaps. These soaps divide into two natural groups—ite laundry soaps and yellow laundry soaps, which are so-called zin soaps.

In 1913 the price of white laundry soap was 6.4 cents per pound. put it on a pound basis, for the reason that the bars vary in size. e peak of the high prices carried this soap to a price of 12⅛ cents r pound. To-day that soap is selling at 7½ cents per pound.

Yellow laundry soap which in 1913 sold at 5½ cents per pound, d at the peak of prices was selling at 10 cents per pound, to-day selling at 6 cents per pound. The difference between the 1913 and e 1920 prices represent to a very large extent the increased cost of ansportation of raw materials; the balance represents higher costs raw materials and higher labor costs. The soap makers of this untry have been bending their efforts in recent months toward tting the price of soap down to the price unit which is popular with e public at large, and that is a 5-cent bar of soap.

We find in this proposed tariff, however, that all of our principal w materials, such as oils and fats, are being put on a dutiable basis, hereas they have always been duty free. Tallow and oils represent least 50 per cent of our raw materials. This means, as we explained a previous hearing, that we are facing an advance in the price of ap which will approximate 15 to 20 per cent of the present selling ice. It means also that the duty which is being assessed on tallow d other commodities in which we are interested will not be a revenue producer. Take, for example, the matter of tallow. We have ways exported more tallow than we have imported, with a possible ception of the two war years when tallow came into the United tates freely from New Zealand and Australia, principally due to a sirable shipping condition which prevented the tallow from going o England. It will, therefore, not be a revenue producer, because he importation is practically prohibited.

It is not going to benefit the cattle grower. Only about one-third f the tallow in the United States is produced in packing houses from he killing of the stock. The other two thirds is produced from the endered stock, the so-called butcher's scrap, and restaurant scraps which is collected by renderers all over the United States, and the allow rendered out of it. So that as far as helping the cattle grower, t means nothing, for the simple reason that an average steer will

produce only from 7 to 9 pounds of inedible tallow, which at a half cent a pound means a matter of 3½ cents. It is entirely too small to be passed back to the man who is raising the cattle.

Senator WATSON. What was your statement made about the relative quantity of imports and exports of tallow?

Mr. BARNES. I said that the exports of tallow have always exceeded the imports, with the exception of two years.

Senator WATSON. What two years were those?

Mr. BARNES. From 1918 to 1919.

Senator SMOOT. Those are calendar years?

Mr. BARNES. Those were calendar years; yes, sir. The reason for that is this: It is simply a trading proposition. There are times when the tallow producers and renderers of this country have a better market in Europe, and they take advantage of it, and rightly so. There are other times when the price of tallow in South America or in other countries is on a buying basis, so far as the United States is concerned, and at those times the soap makers take advantage of those market conditions, and it is for that reason we have an exportation of tallow, and that we also have an importation of tallow.

Senator WALSH. Is the rendering business in the hands of a few people in the country?

Mr. BARNES. It is pretty largely controlled by the Chicago packers.

Senator WALSH. And they have agents all over the country to visit the butcher markets?

Mr. BARNES. Yes, sir. They collect the scraps from the butcher shops and restaurants.

Senator WALSH. And have it shipped to a central point?

Mr. BARNES. And have it shipped to central rendering points. It is a very large business, as far as those concerns are concerned.

Senator WALSH. They are not owned directly by the packers but by subsidiary corporations?

Mr. BARNES. They are all subsidiary corporations. The soap manufacturer is in the unfortunate condition to-day under the tariff program of practically losing all of his principal raw material and all of the work we have done for the last 30 years in the development of our supply of raw materials in these far countries is absolutely being torn down.

Senator WATSON. Did you use tallow in the manufacture of soap during the operation of the Payne-Aldrich Act?

Mr. BARNES. There was practically no tallow came in. We used what we could buy in this country.

Senator WATSON. The tariff was just the same as here provided, half cent a pound?

Mr. BARNES. There was no tallow came in, except in small quantities; the duty was prohibitive; as a matter of fact, I think the revenue averaged only about $3,500 a year under that tariff. So that was practically nothing.

In our hearing before the Ways and Means Committee of the House we unfortunately came in at the very end of the day, and were only given a very few minutes. Our briefs were filed, and the subcommittee that gave careful consideration to these briefs on oils and fats recommended to the full committee that they remain on the free list. But they were overruled, as the bill indicates, and we are asking that as far as the soap trade is concerned, our raw materials be left on the

ame basis as they have practically always been, and that is on the ree list.

Senator WATSON. The imports of tallow for 1921 were 1,762,000 ounds. Did that all go into the manufacture of soap?

Mr. BARNES. I would say that practically all of the tallow that is nported is nonedible tallow and therefore used for soap.

Senator WATSON. Suppose that we excluded it absolutely; would hat interfere with the manufacture of your soap? Have you not ther raw materials?

Mr. BARNES. There is nothing going to interfere, Senator, with the ianufacture of soap. We are going to manufacture soap just the ame as we have always done, but the consumer is going to pay more or it.

Senator McCUMBER. What proportion of a pound of laundry soap represented in the tallow?

Mr. BARNES. Tallow represents 25 per cent of all the raw materials iat go into soap.

Senator McCUMBER. That would be one-fourth pound. If you dded the tariff it would be a quarter of a cent added to a pound of oap that would be charged to the consumer.

Mr. BARNES. Correct; yes, sir.

Senator SMOOT. What other fats do you put into soap besides illow?

Mr. BARNES. All of the vegetable and fish oils. There is an exnsive development in this country of the hydrogenation of fats, icluding soya-bean oil and coconut oil; but they are all in this tariff roposition, so that the soap maker is in a very unfortunate position.

Senator McCUMBER. If the tallow would add a penny to every pounds of laundry soap——

Mr. BARNES (interposing). It is more than that, Senator.

Senator McCUMBER. At 1 cent a pound?

Mr. BARNES. You have no small units of currency in this country, nd when you have a price of 5¼ cents means that the soap is going be sold on the next largest unit.

Senator McCUMBER. I assume, however, that the manufacturer ills, of course, to the wholesaler, and therefore where he does that e does take into consideration quarters of a cent a pound?

Mr. BARNES. He may take it into consideration, but his profit is ased on that, and the retailer's profit is based on that. It is a umulative proposition, and when the retailer gets it, if the price is ¼ cents, he can not sell soap at 5½ cents, unless there was some istomer willing to buy 10 bars of soap, and he gets a unit price.

Senator McCUMBER. That is the retailer?

Mr. BARNES. Yes; but the average consumer can not buy 10 bars f soap at one time; he is in no position to pay it. Therefore, when e gets down to the smaller unit of price, it is a matter of 5½ cents, ie consumer pays 6 cents a bar for it. That is the practical working f it.

Senator SMOOT. If you put less tallow in you put more oil in the iaking of your soap?

Mr. BARNES. The raw materials are interchangeable.

Senator SMOOT. Could you use more tallow than the 25 per cent nd make soap?

Mr. BARNES. We can use all the tallow that is produced in the world in the United States in soap making.

Senator McCUMBER. What I was saying is that the manufacturer, if there is a quarter of a cent added to the cost by reason of the tariff on tallow, can sell to the wholesale trade at a quarter of a cent a pound more, could he not?

Mr. BARNES. Absolutely. But tallow is only one of our items that is affected.

Senator WALSH. The importation of this tallow tends to serve as competitive with the tallow produced by these rendering companies who control the whole output of the United States?

Mr. BARNES. In some respects it has a leveling influence, because if the renderers are not satisfied with the price of tallow they are going to hold it, and it has that effect at times.

Senator SMOOT. Tallow is cheaper to-day than the oils, is it not?

Mr. BARNES. As a general rule tallow is. Tallow to-day is about 6¾ to 7 cents a pound.

Senator LA FOLLETTE. Is it a duty that you manufacturers can pass along without any difficulty; the duty retained upon tallow is an added cost to manufacturers that you can pass along?

Mr. BARNES. Absolutely.

Senator LA FOLLETTE. So that it is something that falls upon the consumer?

Mr. BARNES. Absolutely; it will mean 15 to 20 per cent advance on common laundry soaps in the United States.

Senator SMOOT. By the retailer?

Mr. BARNES. By the retailer to the consumer.

Senator LA FOLLETTE. Is your interest in being here to speak for free raw material solely one of consideration for the consumer?

Mr. BARNES. Absolutely; the cause of the consumer is the cause of the manufacturer. That has been the position of the soap trade right straight through in these tariff hearings, because so far as the soap trade is concerned it is not going to make one bit of difference to us in our manufacturing of soap. We are going to continue to make soap, but it will cost the consumer more.

Senator LA FOLLETTE. You are going to make just as much soap and you make just as much profit?

Mr. BARNES. We hope we will make some profit. We have not seen such a thing for so long that we do not know what it looks like.

Senator LA FOLLETTE. Where have you been during the war? [Laughter.]

Mr. BARNES. We were all right until the war ended, and then—

Senator LA FOLLETTE (interposing). You were all right until the war ended?

Mr. BARNES. Then the perpendicular drop in price came along, and the soap trade has been taking losses for two years.

Senator McCUMBER. Has it taken enough losses to balance the profits during those war years?

Mr. BARNES. We have lost it all.

Senator LA FOLLETTE. What is your protection—what duties do you have on soap?

Mr. BARNES. We asked the Ways and Means Committee to leave soap stand where it was.

Senator LA FOLLETTE. Where did soap stand?

Mr. BARNES. That we were not interested in a duty on imported oap; that the soap makers in the United States were well able to ake care of themselves.

Senator LA FOLLETTE. Notwithstanding——

Mr. BARNES (interposing). They increased it for us.

Senator LA FOLLETTE. Then, you did not want it?

Mr. BARNES. No, sir; and then they turned around and interfered ith our whole relations in this country on our raw materials.

Senator WALSH. I think the soap people wanted soap free if the aterials were made free.

Mr. BARNES. That was one of our statements; yes, sir.

Senator LA FOLLETTE. Do you want this increase on the manuctured product, which has been put into the Fordney bill, if the uty upon tallow is to be retained?

Mr. BARNES. We care nothing about that. It can leave soap here it was so far as the soap trade is concerned.

Senator LA FOLLETTE. Even though the duty on tallow be reined?

Mr. BARNES. That puts the soap trade at a disadvantage, there is question about that.

Senator LA FOLLETTE. Just what disadvantage does that put you to?

Mr. BARNES. For the simple reason——

Senator LA FOLLETTE (interposing). You say you can pass it ong without any difficulty, and that nobody will be hurt by it but e consumer. You arouse my curiosity a bit.

Mr. BARNES. For this reason, Senator——

Senator LA FOLLETTE (interposing). We have seen so much phinthropy in this country in the last three or four or five years and much keenness of interest in the consumer that we become a bit eptical.

Mr. BARNES. Our keenness so far as the consumer is concerned, of course, to attain a small unit of price, because naturally in the ap business, as well as any other business, when your unit of price small your consumption is larger and we can not attain that low it of price if our raw materials are taken off the free list. It is t entirely philanthropy.

Senator LA FOLLETTE. How much laundry soap do we export?

Mr. BARNES. About $14,000,000 was exported, I think, in the last ar.

Senator LA FOLLETTE. About 100,000,000 pounds?

Mr. BARNES. I think that is correct. I have it in the brief here.

Senator LA FOLLETTE. We are able to walk right into the foreign ade in a pretty lusty sort of a way?

Mr. BARNES. Yes, sir; but we will lose it all if our raw materials e made dutiable.

Senator LA FOLLETTE. It would raise quite a lather, I should ink. [Laughter.]

Mr. BARNES. It has taken us years of effort to build this export siness up.

Senator CALDER. Has the witness testified how much soap was ported last year?

Senator WALSH. That is all in the record.

Mr. BARNES. It has been all presented, and I have a brief that I would like to offer.

Senator McCUMBER. Very well; that will be printed as part of your remarks.

BRIEF OF THE LAUNDRY SOAP MANUFACTURERS OF THE UNITED STATES.

A duty of one-half cent per pound is proposed in the Fordney tariff bill upon animal tallow. This duty would be prohibitive of imports and would, therefore, yield [illegible] revenue.

Animal tallow is on the free list in the tariff of 1913, paragraph 622.

Under the tariff act of 1909 a duty of one-half cent per pound was placed on tallow. While this duty was in force there were practically no importations, the average importations being only 750,000 pounds annually.

The tariff act of 1905 placed a duty of three-fourths cent per pound on animal tallow. While this duty was in effect the importations of tallow were even less than while the duty of one-half cent per pound was operative. In 1908 the importations were only slightly over 300,000 pounds.

During the entire eight years that a duty was in force on tallow importations the average revenue income was only $3,576.70. It is obvious, therefore, that a tariff on animal tallow creates an effective embargo upon imports because the laundry-soap maker can not afford to buy it with the duty added to its value. Further, inasmuch as imports decrease to negative volume under the weight of a duty no revenue worth of consideration is resultant from such duty. The following table shows the annual importations and exports of tallow from 1908 to 1920, inclusive, together with the prevailing rate of duty in force:

Year.	Imports.			Exports.	
	Duty.	Amount.	Value.	Amount.	Value.
	Cent.	*Pounds.*		*Pounds.*	
1908	¾	304,765	$23,074	91,397,507	[illegible]
1909	¾	364,964	28,299	53,332,767	[illegible]
1910	¾	117,464	7,081	....	......
1910	½	794,008	61,402	29,379,992	[illegible]
1911	½	984,383	81,640	29,813,154	[illegible]
1912	½	347,837	25,595	39,451,419	[illegible]
1913	½	880,283	70,618	28,264,622	[illegible]
1914	Free.	12,698,519	833,549	9,980,066	[illegible]
1915	Free.	3,577,476	233,068	26,868,703	[illegible]
1916	Free.	13,086,640	1,070,759	15,338,057	[illegible]
1917	Free.	73,619,524	9,997,325	7,805,880	[illegible]
1918	Free.	51,885,808	7,444,230	4,222,657	[illegible]
1919	Free.	12,096,189	1,812,093	38,953,783	[illegible]
1920	Free.	13,398,885	1,720,136	17,494,887	[illegible]

It will be noted from the above that when the duty was removed from tallow [illegible] 1913 that importations began to enter the country in fair volume. It will be further noted that in the 13 years covered by the above table that 10 years of the 13 show preponderance of exports over imports, which in most of the years in which this condition obtained amounted to many millions.

With an exportable surplus of tallow in the United States it can readily be seen that there is no need for a duty upon tallow and no stronger reason could be furnished [illegible] the retention of tallow upon the free list as provided in the act of 1913.

The following table reveals the consumption of animal tallow by the soap makers of the United States during the years 1912, 1914, 1916, and 1917:

Year.	Pounds.	Percentage of total fats and oils used.
1912	238,685,000	[illegible]
1914	270,713,000	[illegible]
1916	338,931,000	[illegible]
1917	362,297,000	[illegible]
Average annual consumption	302,656,500	....

From the above table it will be noted that animal tallow is one of the most important ısic raw materials used in the manufacture of soap, the percentage used varying om 27.1 to 30.7 of all oils and fats used in the manufacture of soap.

The animal tallow which is imported into the United States for the use of the soap akers originates in South America, Australia, and New Zealand for the most part, ith importations of less consequence from China. The soap maker, it should be ointed out, is interested only in inedible tallow, the grade of tallow commonly used r soap. He is not interested in the grade of tallow classed as edible as relates to mestic tallow or to imported tallow.

While the importations of animal tallow are not large under normal conditions, they e, nevertheless, important, first, in that they contribute to the miscellany of fats d oils which the soap maker must constantly have available to draw upon with the ward fluctuations of the market and without which wide range of choice the price common soap would fluctuate up and down the price scale in place of remaining most constantly a fixed entity. Under previous tariff acts in which his raw materials ve entered free of duty, the soap maker, with the stocks of the world to draw from, s been able to change his formula as one oil or fat ascended in price to a height yond which the soap maker could reach to another oil or fat less expensive, thereby abling the soap maker to hold the price of a bar of soap at a low level. Following t this line of procedure the soap maker, when the price of tallow goes beyond his ach, is not forced to change his formula, but merely switches to South American llow. He may buy only sparingly, but by this respite he is able to hold the price common soap at a constant level.

We come, therefore, to the second benefit resultant from free animal tallow which that the importations exercise a price leveling influence preventing the upbuilding artificial domestic prices, a benefit which directly redounds to the public good as e price of soap thus remains at a constant low level.

That the soap maker does pass on to the consumer the savings which he effects in e purchase of his raw materials is undeniably manifested in the constantly low price common soap. It is, of course, not to be adjudged that the soap maker is of more ilanthropic turn of mind than other business men, for as a point of fact the laundry-ap business is of such highly competitive nature that every manufacturer is com-lled to sell the consumer the lowest possible priced soap consistent with the quality d size of the cake if he expects to retain or increase his business. In the highly mpetitive laundry-soap field, therefore, the only factor which can increase the price soap throughout the United States is the marked increase of the price of soap makers' w materials. So long as the soap maker can, by the exercise of the greatest agility, itch from one oil or fat to another the price of soap stays down and the length of ne which the price stays down depends upon the freedom of choice which the soap aker possesses in drawing upon the wide world supply of raw materials. Limit his ility to do this, however, and force him to make soap from high-priced edible oils d the price of laundry soap will no longer remain a synonym of cheapness.

The widespread distribution of soap factories throughout the United States and the mparatively large number of these factories make for the most active competition. ere are and can be no territorial divisions of markets in the soap business and no gulation of volume of business or prices among the 371 soap makers of the United ates distributed as they are from Maine to California.

We give herewith report from the 1914 "Census of Manufacturers" showing total mber of soap makers in the United States and their location:

w York	65	Maryland	3
linois	27	Connecticut	12
w Jersey	16	Georgia	2
nnsylvania	50	Kentucky	3
ssouri	9	Tennessee	3
hio	30	Texas	8
ssachusetts	24	Nebraska	2
diana	12	Kansas	6
lifornia	25	Oregon	3
isconsin	11	Washington	2
hode Island	11	All other States	22
wa	8		
innesota	6	Total	371
ichigan	11		

A TARIFF ON ANIMAL TALLOW WOULD NOT BENEFIT THE FARMER.

There are two grades of tallow produced in the United States, the first of the[illegible] grades is edible tallow and naturally commands the highest price. In this grad[illegible] of tallow the soap maker has no interest as he can not compete with the manufactur[illegible] of edible products. The second grade of tallow is the inedible tallow of which th[illegible] soap maker uses practically the entire production of the country with the excepti[illegible] of the exports and small quantities used for stuffing leather, in lubricating grea[illegible] and similar technical usages.

The following table reveals the total production and consumption of tallow, ed[illegible] ible and inedible, during recent years, together with imports and exports dur[illegible] these years:

Year.	Production.	Consumption.	Imports.	Exports.
1914	370,586,000	366,294,000	12,690,000	9,[illegible]
1915	411,295,000	374,143,000	3,577,000	26,[illegible]
1916	428,493,000	411,246,000	13,087,000	15,[illegible]
1917	422,013,000	481,060,000	73,620,000	7,513,[illegible]
1918	450,820,000	541,714,000	51,886,000	4,[illegible]
1919	472,846,000	449,748,000	12,096,000	[illegible]
1920	300,344,000	284,433,000	14,935,000	20,[illegible]

The average annual consumption of tallow, both edible and inedible, as shown b[illegible] the above table is slightly over 400,000,000 pounds annually.

From table two of this brief it will be noted that the consumption of tallow by th[illegible] soap industry averages about 300,000,000 pounds annually. This is inedible tall[illegible] only, the balance of the tallow shown as consumed going into edible products.

By comparing consumption in the soap industry with total tallow consumptio[illegible] the United States it will be seen that the soap maker uses three-fourths of all the tall[illegible] consumed in the United States. Inasmuch as the soap maker can afford to use o[illegible] inedible tallow it can be said inferentially that at least three-fourths of the tall[illegible] consumed in the United States is inedible tallow. We stress this point becaus[illegible] desire to bring out the fact that in the consideration of the matter of animal tallow [illegible] relation to tariffs that the soap maker is primarily concerned and will be the ch[illegible] sufferer from the effects of a duty. Likewise the soap maker is about the only ma[illegible] facturer who has any important desire or need to import tallow, as the imports of tall[illegible] for purposes other than soap making are negligible.

Inasmuch as the experience of former years when tariffs on tallow were in eff[illegible] proves that a duty on tallow is nonproductive of revenue owing to the soap make[illegible] inability to buy the tallow to the value of which a duty has been added, we will n[illegible] examine into the element of protection to American products involved in an imp[illegible] levy upon tallow.

The following table from Bulletin 769 of the United States Department of A[illegible] culture reveals the production of edible and inedible tallow by the packing hous[illegible] the United States:

Tallow production, edible and inedible.

Calendar year:	Pounds.	Calendar year:	Pounds.
1912	202,946,000	1918	304,[illegible]
1914	227,339,000	1919	251,[illegible]
1916	275,511,000	1920	263,[illegible]
1917	268,825,000		

Of the above production of tallow we will again point out that the soap ma[illegible] is interested in only the inedible grade of tallow.

The yield of inedible tallow per head of cattle slaughtered in the United S[illegible] is about 7 or 8 pounds. The former figure was included in the testimony of the pa[illegible] at Chicago and is therefore probably more nearly accurate. The slaughter [illegible] cattle under Government inspection for the fiscal years ending June 30, from [illegible] to 1920, inclusive, are given in the table below along with the estimated yi[illegible] inedible tallow which would be produced therefrom on the basis of 7 pound[illegible] inedible tallow from each head of beef live stock.

attle slaughterings under Government inspection and estimated yield of inedible tallow therefrom.

Year.	Cattle slaughtered.	Estimated inedible tallow produced.	Year.	Cattle slaughtered.	Estimated inedible tallow produced.
		Pounds.			*Pounds.*
1911	7,781,030	54,467,210	1916	7,404,288	51,830,016
1912	7,532,005	52,724,035	1917	9,299,489	65,096,423
1913	7,155,816	50,090,712	1918	10,938,287	76,568,009
1914	6,724,117	47,068,819	1919	11,241,719	78,692,033
1915	6,964,402	48,748,814	1920	9,709,719	67,968,033

It will be seen that on the basis of the maximum years' slaughterings of cattle as ached in 1919 the production of inedible tallow by packing houses was 78,692,033 ounds. The greater part of the inedible tallow produced in the United States is the oduct of tallow renderers who accumulate the scraps from butcher shops, restaurants, c., and in which the farmer has not the slightest concern. The figure 78,692,033 presents the maximum amount of tallow which could be influenced by the proposed ty of one-half cent per pound on animal tallow in the Fordney bill on the basis of hich influence the American farmer or the packer could benefit. The price of edible llow will not be influenced because the inedible grade is the only grade on which e duty will be operative as previously explained.

The figure 78,692,033 pounds does not represent all the inedible tallow consumed by e laundry-soap maker but it is all that can come from the packing houses and therere all that concerns the American farmer. Let us see then how much the American rmer can benefit by the assessing of one-half cent per pound duty on the soap makers' llow.

The yield of inedible tallow from each 900 to 1,000 pound steer sent to market by e farmer, it has been stated, is 7 pounds. One-half cent per pound increase in price the 7-pound inedible tallow yield from the 900 to 1,000 pound steer would volve the tremendously important sum of 3½ cents. Granting for the sake of an gument that the duty of one-half cent per pound on tallow would raise the price of edible tallow an equivalent amount the increase in value on an entire carload of eers would not equal 75 cents.

It is necessary that it be kept in mind at all times in connection with our discussion a duty on animal tallow that this duty will be operative only on the inedible grade, this is the only grade imported.

Returning to the 3½ cents, while this would be a very small increased return on the rcass of a 1,000 pound steer, it should be stated that even this insignificant increase value would not result from the placing of a duty upon animal tallow, because the ap maker would not be able to purchase tallow if the price were raised and would ase using it, depending upon supplies of other oils and fats for his raw materials. we have repeatedly pointed out, the soap maker can not pay high prices for his raw aterials and make low-priced soap. If the price of one raw material becomes unduly gh he must change his formula and use other raw materials. If tallow becomes gh in price the soap maker must then make his choice from the next most suitable w material.

In former days when tallow was assessed a duty it was probably considered as a otective measure to a great many small packing houses scattered over the United ates. Since the combining of such plants into large packing-house organizations is understood that such protection has not been needed. According to the Federal ade Commission report of 1919 on the meat-packing industry 82.2 per cent of all er-state slaughter of cattle was by five packing houses and their subsidiary and filiated companies. It is not improbable that these five packing organizations oduce 85 per cent of the packing-house output of inedible tallow of the United ates.

OPOSED DUTY ON TALLOW IS VIRTUALLY PROHIBITIVE ON BASIS OF NORMAL VALUE.

The price of inedible tallow in 1914 and 1915 before the strain of filling European mands for glycerin and all fats and oils began to be felt averaged 6.36 and 6.33 nts, respectively.

The following table shows the average monthly price for the first seven months of 21 for the two most important grades of inedible tallow used by soap makers in the stern part of the United States.

Market prices on inedible tallow, 1921.

[Per hundred pounds.]

	Jan.	Feb.	Mar.	Apr.	May.	June	July.
City special tallow	$6.15	$5.61	$5.09	$5.00	$5.22	$4.80	[illegible]
Prime city tallow	5.33	4.69	4.10	4.00	4.00	3.54	[illegible]

The above market prices may be said to be those which will be a part of a norma price range such as will prevail in years to come. It can readily be seen therefor that with market prices for domestic inedible tallow ranging from 3½ cents per poun to 6⅛ cents per pound that an import duty of one-half cent per pound or from 14 .8 per cent ad valorem would prove an effective barrier to imports, particularly inedible tallow the ratio of interchangeability of which with the general run animal and vegetable oils and fats is high when considered in relation to soap making With an inhibition of imports it would naturally follow that the revenue yield wou be negligible.

If corroborative evidence is needed for our statement to the effect that a duty one-half cent per pound on tallow would be virtually prohibitive of exports an therefore essentially nonrevenue producing, reference need only be made to the fir table of this brief, in which it is shown that when the one-half cent per poun duty on tallow was in effect between 1909 and 1913 the yearly importations of tall dried up to the faintest trickle, averaging less than 745,000 pounds annually, and th at a time when relatively the same scale of market prices prevailed as to-day.

The laundry-soap maker in asking that animal tallow be retained on the free li has in mind fundamentally the necessity for the needs of his business of a flexib supply of raw materials. The addition of a duty on animal tallow will merely d crease the number of imported raw materials upon which he can draw by one. Th has been demonstrated by the effect of a duty upon tallow in the two tariff a prior to 1913.

The soap maker would not be forced to pay more for domestic tallow were a du to be placed upon imported tallow because of the wide interchangeability of oth fats and the several animal and vegetable oils with tallow. If tallow increased price to a point beyond which the soap maker could afford to pay he must perfor use other raw materials, and thus the domestic consumption of animal tallow decreased.

A DUTY ON ANIMAL TALLOW ACTS TO DECREASE DOMESTIC CONSUMPTION.

In 1912, with a duty of one-half cent per pound in effect on animal tallow, the s maker used 238,685,000 pounds of animal tallow; in 1917, with no duty in for used 362,297,000 pounds of animal tallow, an increase in consumption of 123,61 pounds, or 51 per cent.

The total exports of animal tallow from the United States for the six years pre 1914, when there was a tariff in effect on animal tallow, were approximately 270,00 pounds, or an average of 45,000,000 pounds per annum. The total exports for the years following the removal of the tariff were approximately 104,000,000 pound an average of 17,000,000 pounds annually. The inference to be drawn from th that under the stimulus of false ideas as to the value of animal tallow under the existing barrier of a tariff the holders thereof kept their product out of the channe domestic consumption, because the soap makers could not afford to buy as bea forcing larger quantities of it into export channels probably at smaller profit could have been obtained in the domestic market had same been properly encoura

The price-leveling influence of the small amounts of imported tallow which into the United States is as much in favor of the domestic tallow producer as the favor of the soap maker. It prevents the establishment of artificial prices domestic tallow, which may be pleasant to contemplate but are absolutely de of solid benefit to those who endeavor to maintain them, because when the artif high price is established the soap maker ceases to buy owing to his ability to use raw materials, and tallow which might thereby have gone into consumption rem unconsumed. Leave the market for tallow open to the unrestricted operation of laws of supply and demand and the domestic consumption of tallow will be lar increased.

We maintain that the foregoing observation applies to all animal and vegetable oils nd fats. Because of the interchangeability of these oils and fats a duty upon imorted oils and fats which are alleged to compete with domestic oils and fats would ijure the domestic product infinitely more than it will do it good through the autoatic damper placed upon consumption. Even if high prices were artificially created the markets for any domestic animal or vegetable oil or fat, their creation would itomatically create a vacuum of nonusage resultant not of profit to the domestic proicer who supposedly profits by them but of decreased consumption of his product id of lasting injury to his industry.

The soap maker asks that animal tallow be retained on the free list not because he is rced to use it but because the imposition of a duty will interfere with the welldered conduct of his business, because the duty will be productive only of annoyance the soap maker and nonproductive of customs revenue or of benefit to the farmer, e packer, or other domestic producer.

Paragraph 498, free list, act of 1913, "Greases, fats, and oils (excepting fish oils) not emically compounded such as are commonly used for soap making." Because of e fact that there are certain nondescript soap makers' raw materials which have no finite classification and which are of importance in the aggregate it is respectfully quested of the committee that such a paragraph be included in the pending tariff asure.

Laundry-soap manufacturers of the United States: F. M. Barnes, Procter & Gam- Co.; Russell Colgate, Colgate & Co.; F. R. Collingwood, Fels & Co.; Louis H. ltke, Wm. Waltke & Co.; N. N. Dalton, Peet Bros. Manufacturing Co.

Senator La Follette. Your post-office address is Cincinnati?

Mr. Barnes. I am connected with the Procter & Gamble Co., ncinnati, Ohio.

Senator La Follette. I am going to write you a letter.

SAUSAGE CASINGS.

[Paragraph 706.]

ATEMENT OF A. W. KEMPNER, OF F. S. OPPENHEIMER & CO., NEW YORK CITY.

Mr. Kempner. My name is A. W. Kempner, of F. S. Oppenheimer Co.

Senator Smoot. Have you a brief that you desire to file?

Mr. Kempner. I have been selected by the members of the trade their spokesman in order to save your valuable time. I represent umber of houses whose representatives are present and a number o are not. I should like to submit a list of those who are here d those whom I represent.

(The list referred to is as follows:)

resent: Standard Casing Co., New York City; M. Brand & Sons, New York City; th Levi & Co., New York City; Oppenheimer Casing Co., Chicago; Brecht Co., Louis; F. S. Oppenheimer & Co., New York City.

he following firms are represented by Mr. A. W. Kempner: Early & Moore, Boston; nstein & Co., New York City; Wolf, Sayer & Heller, Chicago; M. Ettlinger & Co., York City; E. Heymanson Co., New York; Drodel Co., Brooklyn; Massachusetts porting Co., Boston.

Senator La Follette. With what firm are you connected?

Mr. Kempner. F. S. Oppenheimer & Co.

would like to say that the gentlemen for whom I am authorized speak dispose of fully 95 per cent of the sausage casings which are ported into the United States.

When the Fordney bill was reported it came as a surprise to the ing trade to find that sausage casings had been removed from the

free list, where they had been for over 50 years; and this is the
opportunity that the trade has had to submit a protest.

Senator SMOOT. Congressman Rainey sent over a letter addr-
to him, inclosing a brief. Do you want this brief printed?

Mr. KEMPNER. I should like to read a few notes elaborating up
this brief.

House bill No. 7456, in paragraph 706, page 95, proposes to
a duty of 15 per cent on sausage casings.

"Sausage casings" is the commercial term for the cleaned in-
tines of sheep, cattle, and hogs, and are used as containers for saus-
likewise for the manufacture of surgical ligatures.

For the past 50 years sausage casings have been on the free
and in the present 1913 Underwood-Simmons tariff they app-
under paragraph 419.

Sausage casings are produced from sheep, hogs, and cattle,
have always been considered as providing a means of utilizing
desirable and cheap food product trimmings, cuts from pri-
pieces of beef, pork, mutton, veal, and other parts of food anim-
in the form of sausage, which is recognized as the poor man's food

The total imports for the year 1919, from the latest available
tistics, were valued at $5,629,412, estimated to have been made
as follows——

Senator CURTIS. This last June report shows $6,427,000.

Mr. KEMPNER. These figures were not available to me at the
this memorandum was prepared. I sent to the customhouse
them but could not get them.

These imports are estimated to be made up as follows: Sheep
ings, 85 per cent; hog casings, 10 per cent; cattle casings, 5 per

It will be readily observed from these figures that sheep casin-
form by far the larger part of the entire importation, and th-
due to the fact that this article is absolutely required for the ma-
facture of so-called Frankfurter sausages, one of the most popu-
food articles in this country.

The sheep casings produced in the United States are comparativ-
of inconsequential quantity. Owing to certain soil and bree-
conditions, they are of an inferior quality, and do not supply, co-
servatively speaking, more than 10 per cent of the quantity actu-
required. The other 90 per cent have to be obtained from for-
countries.

The importation of the hog casings (10 per cent of total) is ma-
necessary by the shortage of sheep casings, as certain calibers
hog casings can be used at times in place of sheep casings. Th-
United States produce large quantities of hog casings, which a-
consumed here and a large surplus exported to all parts of
world.

Cattle casings are also produced in large quantities in this count-
being partly consumed here, and the surplus exported principa-
to European countries. Consequently, as hog casings and catt-
casings are produced here in quantities exceeding home consum-
tion, and heavily exported, they require no protective duty.

While the imports of sausage casings in 1919 were valued
$5,629,412, it is estimated that for the year 1921 imports will
exceed $4,000,000, due to deflation, greater purchasing power of

ollar, and to decreased consumption, so that for revenue purposes ıey will yield only about $600,000 if taxed 15 per cent.

The imposition of a 15 per cent duty on sausage casings will add t least one-half cent per pound to the cost of manufacturing sausage, ıd as the article passes through the hands of a number of interediaries before it eventually reaches the consumer, each of these termediaries will add a percentage of profit. This pyramiding, it estimated, will finally result in enhancing the price of a pound of usage from 1 to 2 cents. I have been told since by practical manucturers that it will probably reach 3 cents.

Senator SMOOT. How many pounds are consumed in the United ates?

Mr. KEMPNER. There are representatives of the sausage makers the United States present who have those figures, I believe. I n not able to speak for them. It is an enormous quantity.

Senator SMOOT. I thought you knew, because you said there ould be only $4,000,000 of importations.

Mr. KEMPNER. That is casings.

Senator SMOOT. That is what I say. We are talking about casings.

Senator CURTIS. Twelve million seventy-one thousand, to the lue of $6,000,000, for the year ending June, 1921, according to this port. At the same time there were exported 29,000,000 at a value $5,000,000.

Mr. KEMPNER. For the manufacture of surgical ligatures, for wing wounds, the domestic casings, because of inherent defects, e far inferior to the imported, and to tax these would affect every spital in the country, and eventually the patient.

Prior to the war, German and other European merchants controlled ge quantities of sheep and hog intestines produced in various secns of the world. During the war American houses acquired a large rcentage of the raw material. In order to do so, long-time purchase ntracts had to be made, some of them extending over a period of e years and heavy investments were requisite. To-day these nerican merchants are selling this merchandise which they wrested m the German and other European merchants to Germany and ewhere in Europe.

To impose a duty of 15 per cent on sausage casings means that the vantages gained by the American merchants will be completely stroyed, and the "drawback" and "in bond" privilege offers no ief because these casings, salted for preservation only, must come the United States for examination and selection, and could not be pped direct to Europe from the point of origin because of the essary inspection and selection. If the new tariff is intended to otect American merchants, it would utterly fail to do so in this rticular instance, and would entail a heavy loss to those interested.

The above argument applies not alone to sheep casings but also certain grades of hog casings which are imported from China, and m which merchandise substitutes are selected to make up the rtage in certain grades of sheep casings.

As a protection to home industry, no one but the large slaughterers uld gain any advantage, as it would not benefit the farmer or tle grower, for the reason that the entire intestines of a herd of tle in the raw state are valued at 10 cents per head, and of sheep

at 6 cents. Assuming that the slaughterer would benefit to the extent of 15 per cent, this would equal from 1 to 1½ cents per animal, and the slaughterer could not, because of the insignificant amount, add it to the price he pays the cattle raiser.

That domestic sausage casings require no protection is established by the fact that the exports from the United States for the year 1919 were valued at $6,810,000, against imports of $5,629,412 (of which 85 per cent were sheep casings).

The main and most serious objection to a tariff on sausage casings is that it would affect the working class almost entirely, with whom a large part of its meat diet is in the form of sausage, a wholesome palatable food, with high nutrition value and containing no bone or other inedible substance. It is in fact a 100 per cent food article.

The arguments presented in the House protesting against a duty on hides can be applied to sausage casings, even more strongly so, as sausage is a food article consumed almost entirely by the working classes, and it can not be the desire or intention of Congress to increase the cost of a food article daily consumed in enormous quantities by the poorest classes, of whom millions are at present without employment.

For the reasons above stated it is urged that sausage casings remain on the free list as they have been for the past 50 years.

The home industry requires no protection. The revenue that could be collected would be extremely small, and a disproportionate burden would have to be carried by the poorest class. American merchants who have during the war secured advantages will be occasioned considerable monetary loss to the advantage of foreigners.

Tersely expressed, the importer does not want it, the manufacturer do not want it, the workmen do not want it, it won't help the farmer and the public certainly opposes it.

Senator SIMMONS. How do you think it got into the bill?

Mr. KEMPNER. I beg your pardon?

Senator SIMMONS. What influence do you think brought about its inclusion in the bill?

Mr. KEMPNER. I can answer that best by repeating what Representative Hawley told me when I asked him that very question. I asked Representative Hawley why sausage casings had been included in the bill after they had been on the free list for over 50 years, and his answer was that he did not know; that there had been no discussion of the article; that it may have slipped in with a great many others.

I am not authorized by Representative Hawley to make that statement, but that is my answer to your question. He did not know why.

I might supplement my remarks by stating that the three main meat trade journals of the United States are all in favor of having sausage casings retained on the free list.

BRIEF OF THE OPPENHEIMER CASING CO., CHICAGO, ILL.

The tariff bill recently reported out of committee in the House contains a pro[illegible] (par. 706) placing a duty of 15 per cent on "sausage casings, weasands, int[illegible] bladders, tendons, integuments." For 50 years sausage casings have been [illegible] free list, although a few years ago a duty of 10 per cent was assessed on im[illegible] weasands by appraisers in New York, who held that weasands (lining of ox t[illegible] were not sausage casings.

In all previous tariffs sausage casings are designated as unmanufactured and salted or preservation only. This term was applied because on arrival in the United States nd before they were sold to the trade it is necessary that they be graded for caliber nd length, freed from holes, threads, and other defects. In cases where they are not graded by importers, it is done by the manufacturer of sausage before using the asings as a container for meat.

Sausage casings are the intestines of sheep, hogs, and cattle. They are produced n many varieties of quality, caliber, length, and strength the world over. Imports om statistics issued by the Department of Commerce are as follows:

916	$3,857,084
917	4,235,514
918	3,508,434
919 (11,234,028 pounds)	5,629,412
920 (12,734,290 pounds)	7,047,437

The figures for 1919 and 1920 we consider excessive. These importations are not assified by animals, but we believe they might safely be computed as follows: heep casings, 85 per cent of total; hog casings, 10 per cent of total; beef casings, 5 er cent of total.

SHEEP CASINGS.

Sheep casings are imported principally from New Zealand, Argentina, Australia, nd Russia. They are used in the manufacture of what is known as Frankfurters, iennas, or "red-hots." The domestic killing of sheep is, roughly, 9,000,000 head, nd the intestines from this domestic killing will not suffice for the production of usage in the United States; firstly, because of their inferior quality; secondly, because of their inferior size (chiefly narrow, whereas imported goods yield medium ide and wide sizes); thirdly, because the quantity required is at least 30,000,000 testines, or more than three times what can be produced here. There is a worldide quest for sheep casings for importation to and consumption in the United States.

HOG CASINGS.

The killing in the United States varies from 30,000,000 to 35,000,000 hogs per annum, hereas the production is about double the domestic consumption, the balance being ported to all parts of the world, but chiefly England, Germany, and Spain. Since r 10 years China has been sending the intestines from 5,000,000 to 10,000,000 hogs r annum into the United States, where they are wanted because of their desirable e, being principally narrow.

BEEF CASINGS.

The killing in the United States is about 6,000,000 head and approximately double at is required for home consumption. The balance is exported into Germany, andinavia, Spain, and Italy. However, some portions of the intestines of cattle, own as beef bungs and bladders, are imported into the United States because these rticular portions are not produced in the United States in sufficient quantities to ер the domestic demand.

RÉSUMÉ.

1. A tariff on sausage casings is too broad a classification. There should be separate ssifications for casings taken from sheep, from hogs, from cattle.
2. A tariff on sheep casings (intestines of sheep) is unnecessary, because the domes- production is approximately one-fourth of the total consumption. It will therefore necessarily contribute to the cost of the production of an important food article.

ATEMENT OF WILLIAM GAUSSELIN, REPRESENTING THE SAUSAGE MANUFACTURERS OF CHICAGO.

Congressman BRITTEN. Mr. Chairman, I desire to present the following brief:

We, William Gausselin, Hugo Arnold, and Oscar G. Mayer, representing the sausage nufacturers in the city of Chicago, beg to lodge our protest against the suggested ty on sausage casings, covered by House bill H. R. 7456, paragraph 706, page 95, ich proposes to levy a duty of 15 per cent ad valorem on importation of sausage ings. The sausage manufacturer's objection to this duty, or, in fact, any duty on portation of sausage casings, is based on the fact that it is going to add, at 15 per

cent ad valorem, about $3,000,000 to an already heavy burdened sausage-eatin public, which naturally means to a great extent the poorer class, as 80 per cent of the sausage consumed in the United States is used in the mining and manufacturin centers. Using a 15 per cent ad valorem figure as a basis, it would mean an added cost to the manufacturer of about three-fourths cent per pound. Before reaching the consuming public this figure probably would be pyramided to 2 cents or possibly 2¼ cents per pound.

We desire to direct your attention to the fact that casings have been on the free list for the past 50 years; that 85 per cent of the sausage casings imported into the Unit States are sheep casings used in the manufacture of frankfurter sausage.

We require the intestines from 30,000,000 sheep to manufacture the frankfurte used in this country alone. It is estimated that this country kills 10,000,000 shee, of which 10 per cent are fit for sausage containers, the balance of 90 per cent bein unfit for sausage manufacturing on account of their tenderness and narrowness, the tenderness being caused by the feeding, soil, breeding, or atmospheric conditions narrowness being caused by the love of the American public for lamb instead of mu ton, requiring our sheep to be slaughtered while still at a tender age. There a about 150,000,000 pounds of sausage manufactured in the United States yearly stuf in imported casings. The above figures will show that it is necessary for us to impo the intestines of 29,000,000 sheep to fill our requirements. We might add that th are no sheep casings of any kind that are exported.

Following the facts as stated above, the net results would be that the America public would be compelled to pay an added $3,000,000, with a revenue to the Gov ernment of approximately $500,000.

STATEMENT OF MR. GOSNEY, REPRESENTING THE SAUSAG INDUSTRY OF CHICAGO.

Mr. GOSNEY. Mr. Guggenheim, of New York, has asked me t speak for him. Mr. Guggenheim represents the sausage industry o New York and I represent the sausage industry of Chicago. I mig say that I have had occasion to talk to almost every sausage man facturer in the United States, and I can safely say that I voice th opinion in making this statement.

Our reason for objecting to the 15 per cent tariff on the importati of sheep casings is that it is going to add to an already heavy burd of the sausage-consuming public, which means that the poor cl alone will have to pay about $3,000,000, in no particular territo but all over the United States.

Possibly 80 per cent of the sausage manufactured and consum in this country is used in manufacturing and mining centers. Wi a 15 per cent tariff it would mean that there would be added to th manufacturer's cost about three-quarters of a cent per pound. T the jobber it would be an added cost of about one-quarter of a cen To the retailer it would mean an added cost of 1 cent per poun making a total added cost of about 2¼ or 2½ cents a pound.

Senator SMOOT. That is the way we get our high cost of living.

Mr. GOSNEY. We have no control over the retailer. There a about 150,000,000 pounds of sausage manufactured in the Unit States yearly, stuffed in imported casings. Therefore the saus consuming public would be compelled to pay an added $3,000,00 with a revenue to the Government of about $500,000.

Senator McLEAN. What is the actual cost of the casing for sausage?

Mr. GOSNEY. With this added?

Senator McLEAN. Without it. What is the actual cost of th casing required for one Frankfurter sausage?

Mr. GOSNEY. It would average from 3¾ to 4¾——

Senator McLEAN. I am talking about one sausage, a "hot dog," as is sometimes called. How much does that casing cost?

Mr. GOSNEY. There are about 10 sausages to a pound, and they will average about 4½ cents to a pound of sausage.

Senator McLEAN. A little less than half a cent?

Mr. GOSNEY. Yes, sir.

Senator McLEAN. You claim that the retailer would add 3 cents a pound?

Mr. GOSNEY. Well, of course, the higher the sausage goes the more its shrinkage is.

Senator SMOOT. In other words, the added cost would be a half a cent a pound by the provision of 15 per cent, and the consumer would have to pay about 500 per cent more?

Mr. GOSNEY. No; the manufactured cost, I said, would be about three-quarters of a cent per pound.

Senator SMOOT. That is 50 per cent. Then go on with the others and add it up to 2½——

Mr. GOSNEY. Two and a quarter, I believe my statement was.

Senator SMOOT. I think you said 2½.

Mr. GOSNEY. That increase does not come from the manufacturer.

CREAM.

[Paragraph 707.]

STATEMENT OF CORNELIUS A. PARKER, BOSTON, MASS., REPRESENTING THE CREAM DEALERS' ASSOCIATION OF NEW ENGLAND.

Mr. PARKER. Mr. Chairman and members of the committee, I appear here representing the Cream Dealers' Association of New England, which is made up of a group of cream dealers, men who specialize in the sale of commercial cream. Their main business, and in some cases their only business, is the selling of cream produced in New England or imported from Canada, according to the conditions of the market and the necessities. Practically all of them handle the New England product as well as the Canadian product which they are obliged to use.

I will also say that the position we have taken in this matter has been indorsed by the Boston & Suburban Milk Dealers' Association, an association containing practically all the milk dealers in Boston, and the New England Ice Cream Manufacturers' Association.

We have approached this problem, as far as cream is concerned, as an independent problem from that of milk or butter, because commercial cream is something which is not entirely dependent, as far as the selling price is concerned or as far as conditions are concerned, on the butter market, although somewhat allied to that, and scarcely at all as far as the milk market is concerned.

New England is perhaps the only district which is particularly concerned with regard to the tax on cream as a commercial commodity. The heaviest year's imports of cream, I think, was 1915, and that year seven-eighths of the total supply of cream, approximately, that came

in from Canada came over the New England border. In other words, for some reason or other the importation of commercial cream is not apparently necessary to supplement the market in the Middle States as it is in the East; and that is practically the ratio, I think, that we find in each year, that perhaps seven-eighths, or at least a very large proportion, comes over the New England border.

Senator McCUMBER. That is probably due to the fact that the dairying interest is not developed at all in western Canada, and is more highly developed in eastern Canada contiguous to New England.

Mr. PARKER. I presume that is true.

Senator DILLINGHAM. Is it not a fact that the Province of Quebec produces 75 per cent of all the dairy products of Canada?

Mr. PARKER. Yes, sir. We find this situation, generally speaking, in New England, which I will speak of before taking up the subject according to the brief which I am ready to submit and have copies of for each of the members of the committee.

Some 20 years ago the cream supply came from northern Vermont and some from Maine and from New York for the Boston market. We were forced by the competition of the milk industry to go over the line for a portion of our supply. That came about largely because of the fact, I think, that prior to a decision of the Interstate Commerce Commission in 1916 the railroads made the same freight charge for any point beyond 160 miles. Beyond that it was the same as 160 miles; so that the milk producers could go out 300 miles for a milk supply and could bring it in at the same freight cost as it would be to bring it in for 160 miles. That was later changed by ruling of the Interstate Commerce Commission. But, meanwhile, the milk contractors had captured the producing section where the cream used to be produced.

We have also this thing to remember, that the cream which is imported as commercial cream and is to be sold as commercial cream is practically none of it sold north of Springfield, Worcester, and Boston, making a distance of perhaps some 250 miles on an average that it has to be transported before it reaches the point of general distribution. From a wholesaling standpoint, in other words, there is no competition with cream in the Quebec section and the cream from New England. It is purely a question of supplying the Boston, Worcester, and Springfield markets, and at certain times of the year it is an absolute impossibility to get the supply for the market that is required.

In looking at the question we have tried to consider the needs of the country measured from a revenue standpoint and also from a protection standpoint. My clients are all patriotic citizens and are, I believe, protectionists.

Senator DILLINGHAM. Can you tell us who they are?

Mr. PARKER. The Lyndonville Creamery Association, which has a very large business, and Mr. T. P. Grant, of the T. P. Grant Co., who do a very large specialized cream business.

Senator DILLINGHAM. Where?

Mr. PARKER. At Boston, getting his supply from Vermont and Canada.

Senator McCUMBER. Both of those firms are importers?

Mr. PARKER. They are importers and they handle the domestic product as well. They are not exclusively importers.

Senator WALSH. There are no exclusive importers of cream, are there?

Mr. PARKER. I do not think so.

Senator DILLINGHAM. Has the Lyndonville concern any creameries in Canada?

Mr. PARKER. I do not think they have manufacturing creameries; I will ask Mr. Grant.

Mr. GRANT. I only know of one. They did have one a few years ago across the line.

Mr. PARKER. They have their receiving stations and prepare it and take it across the line, but it is not strictly a manufacturing creamery.

Also, Tait Bros., of Springfield, handle a big part of the business in the Connecticut Valley. There are a number of other members in the association, but these are the men who are most interested in the question of importations; also the E. T. Luce Co., of Boston, who also handle a large business.

Senator WALSH. Of the cream that these companies handle, do you know what per cent of it comes from Canada and what part from New England?

Mr. PARKER. I have here some tables which will show pretty plainly, I think, what the situation is. I was going to take that up in order, but I will give it to you now.

Senator WALSH. Thank you. Just follow your own line.

Mr. PARKER. The cream dealers have taken the stand that they owe a certain amount to the Government for the privilege of conducting business, and from the standpoint of a revenue tariff they were all agreed to bear the rates as imposed in the Fordney bill; that is, the 6-cent rate on butter and 5-cent rate on cream. They are not particularly interested in the butter rate, excepting as it affects the general industry. They believe that the 6-cent rate is high enough on butter and that an 8-cent rate is not necessary. They are not interested in the butter business excepting as it may affect, in the decision of this committee, the cream question.

They also approve the 5-cent tax on cream up to 40 per cent. The House committee, I believe, has reported this, and it is before your committee at the present time, providing for a rate of 5 cents up to 30 per cent cream and 10 cents above 30. The great bulk of the cream that is imported, as the figures will show, is between 25 and 40 per cent. It is called 40 per cent cream imported practically at 38 per cent, perhaps to 40 per cent.

We believe that the 5-cent rate is higher than that. We do not say we could not do business on the other basis. We say that if a tax such as is proposed by the National Milk Producers' Association and the New England Milk Producers' Association were levied on cream the result would be to absolutely shut out the importations of Canadian cream, and then there would be no revenue produced from it.

On the other hand, we do not believe that the reaction of such a measure would be for the interest of the farmer, and we certainly know it would not be for the interest of the consumer, because the milk business is quite highly organized at the present time in Massachusetts; and at the very apex of the season, when the demand is highest and we can not secure the supply of cream in New England to meet the demands of the market, we would be faced with the necessity

of paying practically any price that the producers demanded, and the consumer would have to stand the freight.

Senator DILLINGHAM. Do you know the proportion that Canadian cream bears to that produced in New England?

Mr. PARKER. I have those figures here.

Senator DILLINGHAM. I mean, the cream imported.

Mr. PARKER. I will give you those figures. Senator Walsh just asked for a part of that, and I will give it to you right now. The comparison here is not for the full year, but it will give you an idea.

During the month of February, which was the first time that our Department of Agriculture tabulated it in this form, keeping milk and cream separately, our importations——

Senator WALSH. The State agricultural department are you referring to?

Mr. PARKER. Yes, sir. We shipped over the Boston & Albany Railroad into Boston——

Senator WALSH. Does that mean from other States?

Mr. PARKER. All the States of New England, and New York—30,177 quarts; over the Boston & Maine, 924,419 quarts; over the New York, New Haven & Hartford, 25,107 quarts. The Boston & Maine figure of 924,419 quarts included 30,000 quarts received from Canada, which was all that was received from Canada out of a total of 954,979. Of almost a million quarts received, only 30,000 came from Canada.

In March—of course we have to remember that these are the months of low demand—there were 34,700 sent over one railroad—

Senator McCUMBER. Can you not give us just the totals?

Senator DILLINGHAM. Just the comparative figures.

Mr. PARKER. I had not just compiled it in that form, but if you will give me just a moment I will give you the figures approximately.

Out of 1,300,000 brought into Boston during the month of March 52,720 came from Canada—52,000 as compared with 1,300,000.

In April, out of 1,600,000, 126,000 quarts came from Canada.

In May, out of 2,200,000 quarts, about 264,000 came from Canada.

In June, out of 2,425,000 quarts, 394,520 came from Canada. That was rather a high month.

Senator WALSH. The highest month is about 10 per cent?

Mr. PARKER. Yes. The high months come in June, July, and August.

We have telegrams and letters which would show that my client Mr. Grant, who is here and will tell you something of the intimate working details, during those months has been trying to get a supply from New England and has telegraphed and written and telephoned to practically every producing point in the territory and has endeavored through the Massachusetts Department of Agriculture and the Vermont Department of Agriculture to locate some supply without any success whatever.

Senator McCUMBER. Do you not think that if the protection was sufficiently high to make it profitable the year round the supply would be greatly increased in the United States through the New England section?

Mr. PARKER. I do not think so.

Senator McCUMBER. Of course you can not change that situation readily. It takes three years to produce a heifer that will raise a calf

to supply milk. You can not change your condition in a few months; but if there is that strong encouragement that can make it profitable to raise milch cows, do you not think that New England and that section could really supply the entire market?

Mr. PARKER. I do not think so, Mr. Chairman, for the reason that the demand for cream is a seasonal demand. In the warm weather during the summer months, in extreme warm weather, it is an impossibility to get a supply unless you have your creameries organized to take care of the cream supply for the full year. For nine months of the year the demand is so much less than it is during the summer months, when the ice cream season and the berry season are on.

During those months you have got to have that extra supply. The farmer wants to contract his cream for the full year. The same with his milk supply, or whatever he raises—he wants to contract for the full year. He does not want to do business for two or three months and then be thrown back on something else. Therefore it comes to a question of either treating it as just a surplus proposition and taking what you can get and not considering it as a definite business, which it is to-day, or it comes to a question of using the present methods.

Senator SMOOT. As I understand you, you think that the 30 per cent of butter fat which has a duty of 5 cents ought to be raised from 0 to 40 per cent?

Mr. PARKER. Yes, sir.

Senator SMOOT. You think that 6 cents on butter is sufficient? What do you think about cheese?

Mr. PARKER. I have not gone into the subject of cheese.

Senator SMOOT. You are down here as speaking for it. That is the reason I asked.

Mr. PARKER. I have not gone into the subject. I think it is an error in putting in that paragraph.

I wish to speak about some of the general conditions. Let me say one thing further with regard to the question which the chairman asked, and that is the fact that at the present time it is possible to manufacture sweet butter and manufacture that into cream, keeping in storage, and that displaces to some extent the use of cream. The minute you raise your cream market to a very high point, as will be done for three or four months of the summer, by a prohibitive tax, you will encourage on the part of the ice-cream dealers the use of storage and homemade butter into cream by a mixture of skimmed milk, with the result that your ice cream will take that product instead of taking cream; and to that extent you will discourage the cream industry of New England, which is one of the things that we have been trying to build up.

Senator DILLINGHAM. I would like to ask the witness one question.

Senator MCCUMBER. Certainly.

Senator DILLINGHAM. The people of my State are a good deal interested in this question. I have a letter from the commissioner of agriculture of Vermont in relation to differentials, which I would like to have you explain. I think you told me you thought you could find the way out of the difficulty. He says:

The trouble with the schedule, it seems to me, is that some of the items covering the materials from which butter is made are not in conformity with the duty levied upon

butter. For instance, the duty on fresh milk is 1 cent per gallon. There are about 12 gallons of milk in a hundredweight; therefore 100 pounds of milk can come into the United States to our creameries along the border with a duty of 12 cents. From this hundredweight there will probably be made at least 4 pounds of butter on the average, which if manufactured in Canada would take a duty of 32 cents.

Coming in, in other words, in the form of milk would pay a duty of 12 cents; coming in in the form of butter it would pay a duty of 32 cents.

Mr. PARKER. I should consider particularly the question of harmonizing the cream and butter. I want to say that I do not think you will find that the milk and butter markets follow closely together at all. The milk market is fixed on a collective bargaining basis—the milk market in the United States and New England—between certain big contractors and the producers acting as a unit. The butter market is dependent on more factors than the mere cost of production or the cost of getting into the country. It is dependent on the supply, and at times, as, for instance, which happened this last year when the Boston butter market was broken absolutely for 6 or 7 cents a pound by the shipping into New England by Nelson Morris & Co., I think it was—one of the large packer concerns—of a very large supply of butter, and which was thrown overboard at a low rate. Therefore, the milk and the butter market are not governed by the same considerations.

As far as the harmonizing of cream and butter——

Senator McCUMBER (interposing). What was that importation—Danish butter?

Mr. PARKER. No; this was, I think, homemade butter. There had been some Danish butter come in during the last year, but this was cold-storage butter.

Senator McCUMBER. You used the words "shipped in."

Mr. PARKER. Shipped in from the West; yes. Now, with regard to the harmonizing of cream and butter, I want to say that the selling price of cream does not follow exactly the butter market. It is bought on a butter-fat basis, but if the market on butter goes up there is a range of 2 or 3 cents on the amount of butter fat in a pound of butter that the dealers do not immediately reflect the range—there is a range of 2 or 3 cents that they do not necessarily change on the change of the butter market; in other words, it is more stabilized for a certain period of time.

However, the attempt has been made by the National Milk Producers' Association committee from New England to insist on a basis of harmonizing butter and cream on the basis that here [illustrating] is a line in Canada and here is a line in the United States, and you take those half a mile apart, and you take cream and import it at a certain rate and manufacture this over the line, and you will find that there ought to be a larger tax provided there in their rates.

That is all right in theory, but it does not work out, and it does not work out for this reason, because there are cartage charges; there is a premium on the grade of cream for commercial cream. There is the freight as compared with butter from the point where that would be entered into the country to Boston, Springfield, or Worcester, whereas the butter freight would be very low.

I will not take the time, because I am informed my time is passed—but I have the figures right here in the brief to show you what cos

stitutes the actual harmonizing on the present rates, which would leave it practically where it is.

Senator DILLINGHAM. To help you understand what I have in mind, I will read you another extract from Commissioner Brigham's letter. He says:

> Take the case of fresh cream testing less than 30 per cent fat, which in the Fordney tariff takes a duty of 5 cents per gallon. A farmer on a creamery in Quebec may ship a gallon of fresh cream testing 25 per cent to a creamery in Vermont at a duty of 5 cents. This gallon will make approximately 2½ pounds of butter. If this cream were manufactured in Quebec into butter, the duty would be 20 cents, while the cream gains admission for 5 cents.

Does your plan meet that proposition?

Mr. PARKER. I will give you a plan to meet that question, if you have any fear of it; but, as a matter of fact, some people started—I think that was the same in the Payne-Aldrich rate as in the emergency bill—and tried that right along the line, and it did not work out for practical reasons, and they have practically abandoned it.

Mr. GRANT. That was 1910.

Mr. PARKER. I do not know of any concern that is importing cream from across the border and manufacturing it into butter, and there was a tax of 2½ cents under the Underwood Act and cream was 3, and they might have imported it that time or in the past four or five months, when the Fordney Emergency Act has been in effect, and these things have not happened. They have not happened all these years, and we do not believe it is necessary to look for possible trouble. But we will make this suggestion, that if this committee is worried on the question of harmonizing, that if they give us a cent rate up to 40 per cent cream, that we are willing they should tax us as they see fit in excess of 40 per cent on cream introduced into this country for purposes of manufacture. There are only a few concerns handling this, and it would be a comparatively simple matter to differentiate in your tax between cream imported and manufactured into butter and cream imported as commercial cream and to be sold as commercial cream.

Senator DILLINGHAM. Just a word further. There are creameries in New England that get cream from Canada?

Mr. PARKER. They get some cream from Canada along the border.

Senator DILLINGHAM. From information that has come to me it would appear that in one instance they claim they paid 90 cents freight on a 40-quart can of 40 per cent cream, that the duty on that would be $1, making $1.90. But now, on the figure of the commissioner, you make 37 pounds of butter. The duty if it came in in the butter would be $2.96, while in the other case the duty is $1 and the freight 90 cents, making $1.90. Have you any explanation of that, or do you care to discuss that problem?

Mr. PARKER. I think that that is pretty largely absorbed in the question of the extra cartage on your cream in jugs and in the fact that there is a premium paid up to 3 cents per pound of butter fat; it runs from 1½ to 3 cents usually for cream produced for commercial cream. My client, Mr. Grant here, who is the president of the association, can give you all the little points about that which I can not give.

Senator DILLINGHAM. I am only seeking light because I want to know what the situation is.

Mr. PARKER. I will file a brief, and I will simply say, in closing, that this question of the relation of exports of dairy products and imports I also want to call your attention to. I want to invite your attention to a table here in D (p. 2730) in a brief which I will file very shortly after the argument. That shows at the present time, as for years past, that we have been shipping from 6 to 15 times the amount of dairy products that we have been importing, and that in this last year, when there was a great cry about the importation of Danish butter, we were shipping butter across in larger quantities than we were importing, with the result that it must be that the American farmer was getting the highest market price.

Senator WALSH. You are now speaking of the country at large?

Mr. PARKER. I am speaking of the country at large.

Senator DILLINGHAM. These briefs will all be carefully read and digested. You need not think anything will be overlooked.

BRIEF OF CORNELIUS A. PARKER, BOSTON, MASS., REPRESENTING THE CREAM DEALERS' ASSOCIATION OF NEW ENGLAND.

On behalf of the Cream Dealers' Association of New England, I beg leave to present some facts which should be given consideration in the framing of the tariff relative [illegible] milk, cream, and butter. The same arguments apply in a greater or less degree to [illegible] these products, but I am more particularly interested in the cream schedule.

We maintain that in no case should a tariff be levied on these articles which exceed the difference between the United States and Canadian markets.

The general suggestions which obtain why no tariff should be levied which [illegible] unnecessarily raise the price of these articles to the consumer are:

(1) The fact that the question of dairy imports is principally a Canadian question. Do we desire to foster trade with Canada, which last year took from the United States $800,000,000 of goods, leaving a balance of trade in our favor of $300,000,000? If [illegible] we must not place a prohibitive tax on agricultural products, which make up the [illegible] of Canada's exports. We believe it will be admitted that regardless of the [illegible] ities of a retaliatory tariff it is impossible to sell Canada in the future to the [illegible] extent if any tariff bill prevents the import from Canada of its agricultural prod[illegible]

(2) Perhaps the most important factor in the cost of living is that of dairy prod[illegible] In 1919 the production of milk in this country was 90,000,000,000 pounds (appr[illegible] mately 45,000,000,000 quarts). Of this amount the use was—

	Per cent
For manufacture:	
Creamery butter	[illegible]
Dairy butter	[illegible]
Cheese	[illegible]
Condensed milk	[illegible]
Ice cream	[illegible]
Total manufactures	[illegible]
As fluid milk:	
Household purposes	[illegible]
Feeding calves	[illegible]
Waste, loss	[illegible]
Total	[illegible]

Any tariff which increases the cost materially strikes at every family, every [illegible] every invalid.

(3) Milk is the food of children and contains all the elements necessary for human sustenance, holding in proper balance protein, carbohydrates, fats, and salts, and [illegible] tains the vitamines essential for proper growth and development. It furnishes at [illegible] 20 per cent of the food of the average American family, and has no substitute for [illegible] proper nourishment of infants. (Tariff Information Surveys, Dairy Products, [illegible] reference hereafter to pages unless specified are to this document.)

(4) Cream is the most easily digestible form of fat, and as such is greatly in demand for invalids. There has been in the past two years a large increase in the consumption of cream for table use, and particularly for ice cream. This has been [illegible]

ıce the passage of the Volstead Act. The fact that over 2,000,000,000 quarts of milk ere used in this country in the manufacture of ice cream shows the importance of the ticle to the table.

I am submitting herewith some figures as to the shipments of cream to Boston on ble marked "A".

(5) If an attempt is made to keep the price of milk at as low a figure as possible for e consumer, it must be remembered that at least in the New England territory milk bought by weight and test, a premium being paid for butter fat in excess of 3.7 per nt. with the result that any unnecessary burden placed on cream or butter will tend raise the price of milk to the consumer.

(6) While there has been some international trade in butter, and considerable has en imported from Denmark in the past year, that import has practically ceased at e present time, it being apparent that Denmark can find a better market abroad. ithout question, completed statistics will show large shipments of butter abroad to lance these imports. (See inclosed clipping from Current Affairs, publication of e Boston Chamber of Commerce, under date of Apr. 25.)

(7) A study of the situation relative to the Canadian and United States markets dicates clearly that there has been no injury to the United States farmer because of e imports from Canada.

Table B gives a comparison of the Boston and Montreal markets from May, 1913, to pril 15, 1921. It will be noted that these figures cover a period during which there s been a tariff of 2½ cents on butter and cream has been free; also that frequently ontreal quotations are higher than those of Boston, as particularly for the years 15, 1916, and 1917, and that since January, 1921, the Montreal market has often en in substantial advance of the Boston market. Wednesday quotation, August . 1921, Boston 40 cents, Montreal 40 to 41½ cents. It will be remembered that ere was no difference in exchange prior to 1920, and had it not been for a favorable change rate no butter could have been imported during the last year.

Table C is the result of taking the tables on page 43 and adding to the Canada ice 2½ cents, the amount of the tariff act of 1913 in force while the prices prevailed. will be seen that with the addition of these figures Canada's average was higher by out 4 cents in 1914, practically the same in 1915, 3 cents higher in 1916, 2 cents gher in 1917.

The general considerations stated in paragraph 1 apply particularly to dairy products. Comparison of imports of butter and butter substitutes from Canada and exports butter alone to Canada for 5 years from 1913 to 1919, inclusive, practically all under e 1913 tariff act, show total in pounds: From Canada, 7,399,211; to Canada, 6,196,971. ee Dairy Products, United States Tariff Survey.)

In May of 1921 (see New York Produce Review) Canadian exports to United States butter were 22,399; imports from United States were 156,030.

These facts show the interdependence of this country and Canada for butter supply.

(8) International trade in fresh milk and cream has been limited to border trade ith Canada because of the highly perishable character of these products (see p. 10), e limit on fast refrigerating trains about 500 miles (see p. 12); also because of the ct that they are sufficiently bulky when handled in containers so that they can not moved any considerable distance from the entry point without considerable freight fferential against the Canadian product.

The total of imports and exports in 1919 were only a small fraction of 1 per cent of the lue of domestic production (p. 10), and as to the cost of production in the sections om which fresh milk and cream come, namely, Ontario and Quebec, the advantages dairying do not greatly differ from those of competing sections of the United ates (pp. 10 and 36). A comparison of wholesale milk prices (p. 21) shows for e years 1913–1916, inclusive, that the Montreal prices were at all times nearly ual to the Boston prices, being somewhat higher frequently, while Montreal and oronto prices ruled considerably higher than Chicago and New York prices. The eight differential between Montreal and Boston meets any normal difference between ese markets.

' See Table D (taken from tables, pp. 38, 39, and 41, Tariff Information Surveys, airy Products) to the effect that our butter exports have exceeded imports of butter and bstitutes in every year excepting 1915 since 1910, and that our exports have increased from approximately three-quarters of a million dollars to $15,000,000.

Adding butter substitutes exported shows a large balance in our favor, and for 10 ears, 1910 to 1919, inclusive, exports are six times greater than the imports.

(10) It is clear that the New England imports will make up a great part of the total ream imports from Canada, and if New England producers are not adversely affected ther parts of the country will not be injured.

In 1915 there was a total import into the country of 2,077,000 gallons, of which 1,735,000 gallons came in over the Vermont border (see p. 15).[1]

Also note that Boston prices are consistently higher than in any other large cities in the country (p. 15). and that since cream and milk were placed on the free list, while the milk imports have increased, trade in cream has not been so greatly affected.

Further, a study of tables (p. 9) shows that in 1918 the value of imports of dairy products was only 10 per cent of the value of exports. In 1917, 7 per cent, and in 1920, with the exchange in favor of the importer, only 16 per cent.

(11) That the dairy industry has not suffered during a period in which the tariff was at all times low and under which for some years milk and cream have been free and butter only 2½ cents per pound is shown by report on pages 11 and 12 and table on page 17 showing the number of dairy cattle in the country increased from 16,29[illegible] in 1920 to 23,747,000—approximately 50 per cent increase—and the value of the [illegible] was practically multiplied by four in that [illegible]

This indicates two facts, first, that farmers have increased the production per [illegible] by breeding and elimination of "boarders" or unproductive cows; and, second, [illegible] dairying has come to be recognized as a profitable branch of husbandry. (See p. [illegible] pars. 2, 3, and 4.)

(12) The United States should be careful to levy no prohibitive tariff on [illegible] products, not only for the effect on the price to the consumer, but because we [illegible] to encourage our export trade. At the present time that trade is making a rapid advance (see table, p. 10), showing that while imports for consumption grew [illegible] 1917 to 1920 about one million dollars, exports increased one and one-half million dollars.

(13) The United States and Canada are to a certain extent interdependent on each other in the matter of a cream and milk supply. Varying crop conditions in different areas affect production differently. Then, again, this trade has a seasonal aspect, highest production being April to June, heaviest consumption June to September.

While the total trade is small, it does come largely at seasons when the market [illegible] short and the absence of the small amount imported would give an unfair chance [illegible] profiteering.

This season investigation showed not enough cream to supply the legitimate [illegible] mands of the business for the summer months in the United States available [illegible] Boston market.

(14) There seems no good reason for considering it necessary to harmonize the cream tariff so as to bring it up to the tax on butter, if that remains at 8 cents per pound. If to be strictly harmonized, however, the following is the proper method of arriving at an equivalence and not the figures of the New England Milk Producers' Association, which are based on theory and not on actual working conditions:

As indicated in paragraph 7 of this memoranda, the imports of cream outside New England are negligible. There is no cream shipped into Vermont, New Hampshire, or Maine for consumption. The nearest points to the Canada line are Springfield, Worcester, and Boston, all upward of 225 miles from the border and points [illegible] A fair comparison of freight and cartage plus tariff reduces to absurdity the claim of the National Milk Producers' Association for 20 per cent ad valorem on cream. [illegible] cream shipped is about 36 per cent butter fat—a 10-gallon jug of cream contains [illegible] pounds of 36 per cent cream and contains 29.52 pounds of butter fat, which, with the churn gain, will make 35.42 pounds of butter.

The figures relative to freight and cartage are probably a fair average on both [illegible] and cream. It is necessary for purchasers of cream to pay a small premium over [illegible] butter market, ranging from 1 per cent to 3 per cent—in this comparison it is averaged at 1½ per cent. The subtraction shows the amount of tariff tax on cream necessary to balance (taking into consideration the freight charges and premium):

Freight, cartage, etc., on 35.42 pounds butter	$[illegible]
Duty at 8 cents per pound	[illegible]
Total	[illegible]
Freight, cartage, etc., on 82 pounds cream	$1.73
Premium over butter market	.30
	[illegible]
10 gallons required to balance, approximately	[illegible]

[1] Where the word "pounds" is used the word "gallons" should be substituted, as this is [illegible] an error.

However, if the imports from Canada were to be considered only, there is no need r a tax of more than 2½ cents per pound on butter from a standpoint of strict protec-ion. As no cream is imported from any other country than Canada, it is unfair to ibmit that product to the disadvantage of meeting a competition which does not rist. The theory advanced by the proponents of strict harmonizing is that a man ight buy cream, bring it across the border, and there close to the border manufac-ire butter. It was not done to any considerable extent when butter was taxed and eam free, nor when butter was taxed 6 cents and cream 5 cents. On the other hand, would be a perfectly simple matter to tax cream imported for manufacture of butter a different basis from that imported for commercial use. Heavier cream, sour eam, and other cream imported for the churn could be placed at rate harmonizing ith the butter tariff.

(15) It is apparent that the purpose of the proponents of a high tariff on dairy prod-ts have in mind prohibiting the import of these products. Articles of the New gland Dairyman, official organ of the New England Milk Producers' Association, ow clearly the purpose of the movement. On the other hand, with imports of 1,842,866 in value, and exports of $126,742,429, it is apparent that as a revenue-oducing schedule it will be a small factor. Under the Payne-Aldrich bill in 1913 ilk produced a revenue of $918, cream $62,287, and any increase over the Payne-drich rate will in our opinion place the imports on a plane where the law of dimin-ing returns will become effective and the income will be negligible.

(16) In the opinion of the cream dealers, the whole trouble with any tendency of akness in the butter market last year was the result of oleo and vegetable oil sub-tutes both manufactured and imported. So long as this is classed with butter ll the large packing houses be able to store butter both salted and sweet, for purposes homogenizing, and when overloaded ship same into the market to break prices, as s done in the spring of 1921. In closing, the cream dealers hold the increase of duty cream, butter, and milk above the 1913 tariff act as unnecessary from a standpoint protection, but advocate the rates as provided in the Fordney emergency act as the r share the business should pay in customs revenue for support of the Government. ey oppose any increase over those rates excepting that they do not object to an rease on cream of 40 per cent or more butter-fat content, sour cream, or cream im-ted for manufacturing into butter for the market.

am authorized to say that the New England Ice Cream Manufacturers' Association l the Boston and Suburban Milk Dealers' Association both have passed resolutions osing any increase beyond that provided in the Fordney emergency tariff act.

A.—*Milk and cream receipts by rail at Boston during 1921.*

JANUARY.

	Quarts.
ton & Albany	1,032,333
ton & Maine	9,870,535
York, New Haven & Hartford	2,277,415
Total	13,180,283

FEBRUARY.

	Boston & Albany Railroad.		Boston & Maine Railroad.		New York, New Haven & Hartford Railroad.	
	Milk.	Cream.	Milk.	Cream.	Milk.	Cream.
	Quarts.	*Quarts.*	*Quarts.*	*Quarts.*	*Quarts.*	*Quarts.*
chusetts	78,064	817	689,734	3,502	388,933	16,100
ne			1,928,648	307,903		
Hampshire			1,324,122	49,854		
mont	986,870	29,360	3,229,229	476,000	670,535	3,920
necticut					407,160	
de Island					300	407
York			1,133,918	56,680	498,132	4,680
ada			5,300	30,480		
Total	1,064,934	30,177	8,310,951	924,419	1,965,060	25,107

A.—*Milk and cream receipts by rail at Boston during 1921*—Continued.

MARCH.

	Boston & Albany Railroad.		Boston & Maine Railroad.		New York, New Haven & Hartford Railroad.	
	Milk.	Cream.	Milk.	Cream.	Milk.	Cream.
	Quarts.	*Quarts.*	*Quarts.*	*Quarts.*	*Quarts.*	*Quarts.*
Massachusetts	93,015	660	776,431	5,472	457,959	[illegible]
Maine			2,264,062	371,619		
New Mampshire			1,433,229	89,128		
Vermont	1,072,050	34,040	3,654,693	648,369	752,912	[illegible]
Connecticut					448,922	[illegible]
Rhode Island					675	
New York			1,362,681	84,320	692,154	[illegible]
Canada			8,100	52,720		
Total	1,165,065	34,700	9,499,196	1,251,628	2,352,622	[illegible]

APRIL.

Massachusetts	97,631	996	694,935	4,865	426,340	[illegible]
Maine			2,078,282	427,416		
New Hampshire			1,467,143	117,033		
Vermont	774,727	27,600	3,360,377	765,659	548,195	[illegible]
Connecticut					475,380	[illegible]
Rhode Island						
New York			1,446,218	103,080	871,766	[illegible]
Canada			6,200	126,000		
Total	872,358	28,596	9,053,155	1,544,053	2,322,332	[illegible]

MAY.

Massachusetts	102,264	538	702,742	5,969	440,325	[illegible]
Maine			2,292,424	476,424		
New Hampshire			1,712,525	182,314		
Vermont	1,122,848	36,280	3,460,920	1,055,935	158,310	[illegible]
Connecticut					608,940	[illegible]
Rhode Island					264	
New York			1,734,863	173,320	912,840	[illegible]
Canada			29,010	264,640		
Total	1,225,112	36,818	9,932,084	2,160,602	1,120,679	[illegible]

JUNE.

Massachusetts	104,917	720	616,663	12,302	439,072	[illegible]
Maine			2,114,418	455,699		
New Hampshire			1,674,308	211,874		
Vermont	935,880	53,120	3,921,217	1,060,964	384,984	[illegible]
Connecticut					446,424	[illegible]
Rhode Island					60	
New York			1,911,751	189,080	1,022,360	[illegible]
Canada			46,020	394,520		
Total	1,040,797	53,840	10,284,377	2,324,439	2,292,900	[illegible]

FIGURES COMPILED BY CITY OF BOSTON MILK INSPECTOR'S OFFICE.

Total cream receipts at Boston for year ending December 31, 1918: Forty per cent cream, 1,489,565 gallons; 15 per cent cream, 1,807,115 gallons.

Total cream receipts at Boston for year ending December 31, 1919: Forty per cent cream, 1,781,200 gallons; 15 per cent cream, 2,157,880 gallons.

Total cream receipts at Boston for year ending December 31, 1920: Forty per cent cream, 2,400,605 gallons; 15 per cent cream, 3,081,330 gallons.

B.—*Average market price for butter, 1913–1921.*

	Boston Chamber of Commerce.[1]	Average Montreal quotations.
1913.		
...y	$0.28⅜	$0.26½
...ne	.28¼	.26
...y	.27¼	.25 3/16
...gust	.28⅜	.24½
...ptember	.31⅞	.26¼
...tober	.31¼	.27⅞
...vember	.31⅞	.28⅝
...cember	.33⅘	.28⅝
1914.		
...y	.25⅞	.23 11/16
...ne	.27½	.24 11/16
...y	.27 9/16	.24 5/16
...gust	.30⅜	.29 11/16
...ptember	.30 9/16	.29
...tober	.30⅞	.27⅜
...vember	.32⅝	.27 7/16
...cember	.32⅞	.27⅞
1915.		
...y	.28⅝	.30⅝
...e	.28⅛	.28⅜
...y	.26⅞	.28⅝
...gust	.26⅛	.28 5/16
...ptember	.27⅛	.30⅛
...tober	.28⅜	.32⅜
...vember	.29⅜	.32⅛
...cember	.31⅘	.34⅜
1916.		
...y	.30⅜	.30
...e	.29⅛	.30
...y	.29⅞	.29 11/16
...gust	.31⅘	.33⅛
...ptember	.34⅜	.36⅛
...tober	.35⅝	.39 7/16
...vember	.38⅛	.43 5/16
...cember	.38⅞	.44⅞
1917.		
...	.40⅛	.44⅛
...	.38⅝	.39⅞
...	.39⅜	.37⅛
...ust	.41⅛	.42 7/16
1917—Continued.		
September	$0.44⅜	$0.43¾
October	.44⅜	.46⅛
November	.43⅝	.45⅛
December	.42⅞	.45¾
1918.		
May	.44⅜	.42⅞
June	.44⅛	.43 7/16
July	.44⅘	.43¾
August	.46	.43½
September	.53⅘	.45⅝
October	.58 7/16	.49
November	.61⅛	....
December	.66½	.52⅞
1919.		
May	.58¼	.54¼
June	.52 1/16	.52¼
July	.53⅛	.53½
August	.55 1/16	.54¼
September	.54½	.57½
October	.63⅞	.58
November	.67¾	.65¼
December	.66¼	.70
1920.		
January	.63¾	.62
February	.64¼	.59
March	.66⅞	.60 9/16
April	.67½	.61
May	.60	.56⅞
June	.57	.55⅝
July	.57	.58⅞
August	.56 1/16	.58 4/16
September	.58½	.58¼
October	.58 1/16	.54¼
November	.59	.52 1/16
December	.53¾	.50
1921.		
January	.52¾	.52
February	.46¾	.52
March	.48	.51½
April (two weeks)	.49	.54

[1] ...Wednesday of each week.

Butter market, 1921.

	Boston.	Montreal.
...rwood tariff, ...:		
... 5	$0.55	$0.50 + $0.02½ = $0.52½
... 12	.54	.52 + .02½ = .54½
...n. 19	.52	.53 + .02½ = .55½
...n. 26	.50	.52½ + .02½ = .55
...eb. 2	.49	.52½ + .02½ = .55
...eb. 9	.44	.52½ + .02½ = .55
...eb. 16	.45	.51½ + .02½ = .54
...eb. 23	.49	.51½ + .02½ = .54
...ar. 2	.54	.54 + .02½ = .56½
...ar. 9	.50	.56½ + .02½ = .59
...ar. 16	.45	.58 + .02½ = .60½
...ar. 23	.45	.58 + .02½ = .60½
...ar. 30	.46	.55½ + .02½ = .58
...pr. 6	.49	.54½ + .02½ = .57
...pr. 13	.49	.54 + .02½ = .56½
...pr. 20	.46	.52 + .02½ = .54½
...pr. 27	.38	.54 + .02½ = .56½
...ay 4	.37	.35 + .02½ = .37½
Underwood tariff, 2½ cents—Contd.		
May 11	$0.34	$0.28½ + $0.02½ = $0.31
May 18	.29	.26¼ + .02½ = .28¾
May 25	.28½	.28½ + .02½ = .31
Emergency tariff, 6 cents:		
June 1	.29	.31 + .06 = .37
June 8	.32	.30½ + .06 = .36½
June 15	.33	.29¼ + .06 = .35¼
June 22	.34	.29¾ + .06 = .35¾
June 29	.36	.31¾ + .06 = .37¾
July 6	.37½	.35 + .06 = 41
July 13	.40	.37½ + .06 = .43½
July 20	.42	.42 + .06 = .48
July 27	.42½	.39 + .06 = .45
Aug. 3	.44½	.39 + .06 = .45
Aug. 10	.43	.40 + .06 = .46
Aug. 17	.43	.41 + .06 = .47
Aug. 24	.40	.40½ + .06 = .46½

The following table shows in one column New York butter prices, the other [illegible] prices plus 2½ per cent (present duty):

C.—*Market prices for butter, 1913–1918.*

[See p. 42, Tariff Information Surveys—Dairy Products.]

	New York.	Canada.		New York.	Canada.
1913.			**1916.**		
January	$0.3488	$0.3238	January	$0.[illegible]	[illegible]
February	.3666	.3113	February	.33[illegible]	[illegible]
March	.3650	.3175	March	.3706	[illegible]
April	.3478	.31	April	.3650	[illegible]
May	.2847	.29	May	.31[illegible]	[illegible]
June	.2801	.2813	June	.29[illegible]	[illegible]
July	.2693	.2763	July	.28[illegible]	[illegible]
August	.2791	.2775	August	.311[illegible]	[illegible]
September	.3135	.2838	September	.33[illegible]1	[illegible]
October	.3169	.3013	October	.35[illegible]	[illegible]
November	.3375	.305	November	.3[illegible]1	[illegible]
December	.3615	.31	December	.4000	[illegible]
Average	.3225	.2990	Average	.3419	[illegible]
1914.			**1917.**		
January	.3325	.3125	January	.40[illegible]	[illegible]
February	.2904	.3075	February	.4319	[illegible]
March	.2765	.3150	March	.4153	[illegible]
April	.2544	.2875	April	.44[illegible]	[illegible]
May	.2613	.3100	May	.4080	[illegible]
June	.2726	.265	June	.3910	[illegible]
July	.2781	.2875	July	.3900	[illegible]
August	.3044	.2963	August	.41[illegible]	[illegible]
September	.3125	.31	September	.44[illegible]	[illegible]
October	.3175	.3025	October	.44[illegible]	[illegible]
November	.3491	.3025	November	.45[illegible]	[illegible]
December	.3410	.3075	December	.4[illegible]	[illegible]
Average	.2997	.2988	Average	.4[illegible]0	[illegible]
1915.			**1918.**		
January	.3369	.3225	January	.52[illegible]	[illegible]
February	.3256	.3375	February	.50[illegible]	[illegible]
March	.3015	.3575	March	.443[illegible]	[illegible]
April	.3085	.370	April	.4[illegible]	[illegible]
May	.2885	.3250	May	.4572	[illegible]
June	.2815	.3075	June	.4[illegible]	[illegible]
July	.2703	.3088	July	.447[illegible]	[illegible]
August	.2600	.3063	August	.4[illegible]	[illegible]
September	.2675	.3263	September	.545[illegible]	[illegible]
October	.2878	.3525	October	.54[illegible]	[illegible]
November	.3123	.35	November	.6[illegible]	[illegible]
December	.3547	.3675	December	.6450	[illegible]
Average	.2906	.3355	Average	.5147	[illegible]

D.—*Imports and exports of butter and butter substitutes.*

	Imports of butter and substitutes.	Exports of butter.	Exports of oleo.	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
1910	[illegible]145	[illegible]48	[illegible]	[illegible]
1911	[illegible]	[illegible]	[illegible]	[illegible]
1912	[illegible]168	[illegible]	[illegible]	[illegible]
1913	[illegible]	[illegible]	[illegible]	[illegible]
1914	[illegible]	[illegible]	[illegible]	[illegible]
1915	[illegible]127	[illegible]	[illegible]	[illegible]
1916	[illegible]	11[illegible]	[illegible]	[illegible]
1917	[illegible]	[illegible]	[illegible]	[illegible]
1918	[illegible]	17[illegible]	[illegible]	[illegible]
1919	[illegible]	[illegible]	11[illegible]	[illegible]
1920	3[illegible]159	27[illegible]34	[illegible]	[illegible]

SUPPLEMENTAL BRIEF.

POSITION AND REQUESTS STATED.

)ur association reaffirms its position stated in brief filed August 30, 1921. We ›port the rates on cream and butter in effect under the emergency tariff law. We not believe the increase on cream over the present duty as provided in H. R. 7456 m 5 cents to 10 cents on all cream of 30 per cent or over is required to protect the ›ducer, or that it will materially increase the revenues. It will, however, probably prevent the importation of a sufficient amount to supplement the New England ›ply at the season of greatest demand, and will not, on the other hand, probably ›e the price sufficiently to deter the consumption of fresh cream by the public. our opinion any increase over the rates proposed in the House bill will bring about ›e results.

Ve are confident that a demand exists which is seasonal in its character and which New England producer will not meet. For nine months in the year we could bably supply the market from New England. However, creameries and producshould be equipped to handle sweet cream for the whole year, as its care and hand- are entirely different from that required by milk or butter. New England pro›ers, more or less, permanently contract their supply. This they do with the milk tra›tor or the creameries. Unfortunately, the demand for cream is a seasonal nand, and while there is a seasonal surplus of milk in New England, this surplus ›ys preceded the heavy demand of the summer months. Further, creameries ›e not cared to put their supply in the market for cream to a sufficient extent, even ›gh our dealers agree to contract for a year's time. It is a business requiring more e and trouble than either milk or butter, and many do not care to bother with it. use whatever New England cream we can obtain, importing comparatively little, epting in the months of shortage.

BUTTER.

Ve are not directly concerned with the schedule on butter, excepting for its effect the cream schedule. We believe the rate on butter in H. R. 7456 is as high as it uld be, and reasons are set forth in our brief of August 30, 1921, when the subject considered from the standpoint of comparison of Canadian and United States ›ket quotations and exports and imports.

HARMONIZING DUTIES ON BUTTER AND CREAM.

Ve maintain that it is not necessary that cream and butter schedules should be ›ely harmonized, for the reason that the sweet-cream business is a day-to-day busi- and that the cream market seldom follows sharp advances or decline sof the butter ›ket, also because the equipment of plants for handling cream is a different propo›n from that of those handling butter, and of the fact that it is not easy to shift ›tter factory onto a cream-producing basis. We have noted with interest the ›ments that cream might be imported across the border and manufactured on the ›an side, thus avoiding payment of a higher duty placed on butter. The fact this did not happen to any marked degree during the life of the Payne-Aldrich nderwood Tariff Acts, and has not happened during the time when the emergency has been in effect, would appear to indicate that the fear was unfounded.

PROPOSED SOLUTION ON HARMONIZING.

n the other hand, we meet this argument by the proposal that if it is the purpose he proponents of the higher rate to prevent such imports for manufacture the m duty shall be strictly harmonized as of the prices on each side of the border ›ut considering transportation costs on all sour cream, cream of over 40 per cent ter-fat content, and on all cream imported for manufacture into butter. We me that this could be provided for in the administrative features of the bill. amount manufactured by any of the cream dealers will, we believe, be found to negligible, as he pays a premium for extra care of pasteurized sweet cream for ›ket and will not manufacture it into butter.

IF PRINCIPLE WERE ADMITTED, PROPOSED BASIS OF HARMONIZING WRONG.

We take issue with the statements and proposals made on page 2209, of par and Exhibit D, page 2638, part 35, tariff hearings on H. R. 7456, schedule 7, and statements made by David Buttrick Co., page 2627, same document, regarding basis of harmonizing. The figures are based on theory and are made without knowledge of conditions under which Canadian cream is purchased. This was discussed in the brief filed by the Cream Dealers' Association on August 30, page 2213, part 29, of said hearings, and those figures are based on the actual conditions under which cream has been imported. It would seem perfectly app that with a milk market uniformly higher in the Canadian market than in the York market and only slightly lower than the Boston market producers in C will not permit the reaping of the profit which the said Exhibit D purports to

NO INCREASE NEEDED TO MEET CREAM COMPETITION.

As shown by figures of consumption, there is no competition between Ca cream and Vermont cream which is detrimental to the Vermont supply with tection of 5 cents per gallon. The principal argument of the producers is dir harmonizing cream with butter. If that is the purpose, the basis of harmo would be with allowances for extra cost of collection in Canada and extra cost essing and care, with allowances for transportation cost on cream from the points to Boston, Worcester, or Springfield (the only markets using any C products) and the transportation costs on butter for the same distances. Th ducers shift their basis when they reach the international boundary line from nizing with butter to comparing transportation costs to market of cream shipm one side of the line and on the other. The result of the proposed method of har ing will be to give a differential in favor of butter and encourage manufactur into sweet butter on the Canadian side.

We wish to call attention to statement of W. H. Bronson, pages 2623–2625, quoting a small portion of a paragraph from "The suggested reclassification vision of section relating to agricultural products and provisions." United Tariff Commission. "If it is desired to levy a duty on a butter equivalent to the milk it represents, the duty on 1 pound of butter should be 2.76 times th on 1 gallon of milk." He adds it is just a matter of mathematics as to how much fat there is in milk. It is not debatable at all. We have the United State Commission's statement to back up the rate that we ask for. And, further, 2624, there is stated as follows: "As I started to state, the Tariff Commission 11, paragraph 3, of the reference already cited, states that on the basis of equivalents the duty on light cream would naturally be 5 to 7 times that on and on heavy whipping cream about 8 to 10 times. At a rate of 3½ cents per gal milk, the equivalent rate on heavy cream would be from 29 cents to 36 cent gallon." We take issue with the quotation of parts of paragraphs which misrep the position of the United States Tariff Commission. In the document referred examination shows that while the commission has suggested, as the title in changes in many schedules, in this particular matter the paragraphs referred only with the butter-fat content equivalents and not with comparative co does the commission make any recommendation with relation to the desira of basing the respective rates in such equivalents.

In order to show how baseless a fear of Canadian competition is, we call atten particularly to the tables showing Canadian prices, exports and imports, and statistics contained in the brief referred to on page 2210 of said part 29.

FIRST ARGUMENT OF THE NATIONAL MILK PRODUCERS' FEDERATION.

Addressing ourselves more particularly to certain items of the various brief for a higher rate, we note on page 2592, in paragraph 3, in brief of the National Producers' Federation, the statement, "Should there be any attempt to trade farmer for foreign markets to place upon the free list, or near free list, his produ gain trade for protective industries, the same will not be patiently tolerated by a culture." We object to arguments of this nature, which would seem in the natu an implied threat. Realizing that the Senate Finance Committee is anxious for the interests of the whole country, we suggest in reply to the statement that are 4,000,000 milk producers and but few manufacturers; that while we as an

[1] References in this brief are to the preliminary prints.

›n represent a comparatively few organizations directly we do represent directly, through the indorsement of the associations, not only cream dealers of New and but the Boston and Suburban Milk Dealers' Association and the New Eng- Ice Cream Dealers' Association, and indirectly, we speak for a consuming public ›proximately seven and a half million in New England. For these reasons we ›et that it is unfair that the large number of people in poorer circumstances even the average farmer in New England should be compelled to pay any higher s than are necessary for milk and its products, which are the most necessary les of food and are particularly the food of infants and invalids. Being, moreover, rect touch with the consumer, we know what the producer perhaps fails to realize, there is a price limit at which consumption decreases, and that particularly regard to the sweet cream going into the manufacture of ice cream it has been s a fight to hold the market for sweet cream as opposed to sweet butter homoge- l, and that when cream rises above a fair price sweet butter is shipped from storage centers and displaces sweet cream, to the detriment not only of the a dealer but of the consumer and the producer as well. It may be noted here with the high butter market always comes the increased use of oleomargarine vegetable oils margarines.

NEW ENGLAND PROSPERITY.

plying to that portion of the brief of the National Milk Producers' Federation, 2593, and statements of Mr. George N. Putnam, page 2595, relative to decadence ›w England, as well as Tables 1, 1A, 2, 3, and 4, pages 2600 and 2601, the figures n are misleading without taking into account other factors reported in the same ›tins of the Bureau of the Census to which no reference has been made. The ving figures from Vermont, the most distinctively agricultural State in New and, and furnished by H. B. Ellinger, professor in animal and dairy industry, ersity of Vermont: "Approximate increase during the past 20 years: The census › for 1900 place the number of dairy cows at 270,194, total value at $7,740,908, ge value per cow at $28.65. In 1910 the total number of cows was placed at 83, total value $9,527,660, average value per cow $35.89, and in 1920 the total ber of cows was placed at 290,122, total value $23,027,209, and the average value ow at $79.37. The assessor's figures as reported in the annual report of the com- oner of agriculture for 1915 gives 223,911 cows and for 1920 gives 244,126 cows."

ble 1, hereto annexed, is compiled from table 1 of the Agricultural Bulletins of Bureau of Census for each of the New England States, showing the comparative e of live stock, implements and machinery, buildings, land, and all farm property, her with average value per farm for the same items taken as of 1910 and 1920. r show increases in value of all farm property as follows: Maine, 35.8 per cent; Hampshire, 14.8 per cent; Vermont, 53.2 per cent; Massachusetts, 32.7 per cent; ›ecticut, 42.4 per cent; while even Rhode Island shows a small increase. The es of the live stock on the farms have increased as follows: Maine, 58.1 per cent; Hampshire, 60.9 per cent; Vermont, 87.2 per cent; Massachusetts, 61.6 per cent; de Island, 47.7 per cent; Connecticut, 65.7 per cent.

ble 2 is compiled from table 20 of the same set of bulletins, to point out the equities arms. These tables show that in Maine the total value of all farms in 1910 was 74,005. Those farms at that date were subject to mortgages of $11,738,529. ay the equity above all mortgages is $39,834,863, showing an actual net asset in and and buildings greater than the total of all valuations in 1910, including tgages. This statement is true of Vermont and Connecticut, and values of equi- have materially increased in all New England States. Any business man who ›sure his net assets as having largely increased bases that as the measure of his perity rather than the amount of his indebtedness.

he value of dairy products sold has practically doubled in all the States as shown Table 3.

Table 4 shows the increase in production of crops in the New England States, and mpiled from Table 32 of the same bulletin.

Table 5 shows the number of depositors and deposits in savings banks in each of New England States, there being a considerable increase in the number of deposi- and deposits in each State in the year 1919–20. Out of a total population of less than 7,500,000 there are over 4,000,000 depositors and almost $2,000,000,000 posits.

Table 6 shows the ratio of motor vehicles to the population and to the road mileage. Vermont the number of cars increased from 1918 to 1921 as follows: Passenger cars, 32 to 33,778; commercial cars, 1,873 to 3,487. (From records of the secretary of te of Vermont.)

These various tables are submitted as reliable facts to show the inconsistency of th- statements made by the various witnesses and deduced from the partial statistic- submitted.

It is not our purpose to minimize the difficulties of the farmer. We realize that h- like the rest of the world, is suffering because of the past seven years upheaval. W- do not, however, believe the New England farmer has fully realized the relati- measure of prosperity which has come to New England agriculture.

Mr. Putnam, page 2957, part 35, Hearings on Tariff, states that the last three - four years have been the most unprofitable years in his experience in farming. Refer- ence to the market quotations in the years from 1906 to 1909 show prices rangin- from $0.30 down to $0.22 per pound for butter, while the rate for 1918, 1919, and 19- ran between $0.45 and $0.58; that the value of milk, placed at 12.9 cents per gallo- in the earlier period, or 3¼ cents per quart, increased to 6.65 cents in 1920; - - cream rose from 78.9 cents per gallon to $1.226 per gallon.

It is interesting to note that in the report of the special commission of Congre- first part, "The Agricultural Crisis and Its Causes," it is found that the purchasi- power of the farmer's dollar in terms of commodities, excepting food and farm prod- ucts, was 17 per cent higher in 1918 than in 1913, and that from 1913 to the presen- year his gain has been considerably greater than his loss, while, according to the la- statistical information, the purchasing power of the workingman's wage has be- - to 17 per cent less than before the upward movement of prices in 1916. We mu- further remember that of the seven-tenths of men and women engaged in gainful labor outside of those in agriculture about one-fourth are out of employment and a considerable number are living from hand to mouth on part time and reduced wage- For these reasons we ask consideration for the men and women who are the consum- of milk and its products. We ask nothing that will, in our opinion, prevent the farmer obtaining a reasonable profit on his dairy products, but we do seek to prevent a c- dition in which there will be a possibility of forcing extortionate prices from the co- sumer or compelling him to go without.

COMPARATIVE COSTS OF PRODUCTION IN CANADA AND UNITED STATES.

The basis of costs in Canada and the United States has been argued at great len- in the testimony of the producers and their briefs. We desire to call attention - the difference in statistics obtained by the United States departments and th- obtained by the producers' organizations, which are naturally biased and in spi- - an intention to be fair will almost inevitably favor their preconceived views. T- brief of the National Milk Producers' Association, page 2593, states, "The differe- between a protective tariff and a revenue tariff consists chiefly and almost wholl- in wages." Mr. Camburn, director of the division of dairy of Massachusetts depar- ment of agriculture, says that the difference lies primarily in the labor cost. Acce- ing their statement as correct, we call attention to certain facts and figures.

The Warren formula, page 2588, is used. It is difficult to understand why - basis is used instead of that which was most carefully worked out by the United Sta- Department of Agriculture for a two-year period on Vermont farms. It will be n- that the Warren formula shows the total amount of feed and labor. When it com- to a percentage of various factors of the whole, it gives a larger ratio for labor than it - entitled to, because the comparison of gross costs of labor is with net cost. For ex- ample, the credits for cows and manure, amounting to approximately 20 per c- return, is deducted from the overhead charges or costs, and the balance is added - the labor and feed costs to make 100 per cent. Thus, the factor of percentage for la- is high (approximately 29 per cent). This factor at the time of the United Sta- investigation in Vermont was given as 21 per cent. However, using each of t- methods, Mr. Camburn, page 2615, testified that the cost of butter production in Ne- England was 55 cents. By United States formula, 55 times 21 per cent equals $0.115- total labor cost per pound; Warren formula, 55 times 29 per cent equals $0.1595 to- labor cost per pound.

The brief of the New England Dairy Committee, 2635, gives New England Sta- wages as $52 to $57 per month and Quebec $40. Thus, it would appear that the diffe- ence on the highest price of labor in New England and Canada was $17, or 28.6 pe- cent of the highest New England wage. On this statement, using the United Sta- formula, .1155 times 28.6 equals .033, difference in costs; Warren formula, .1595 ti- 28.6 equals .045, difference in costs.

Using the labor costs in the preliminary report of the United States Milk Produce- Dairy Tariff Committee, page 2587, part 35, wages without board in the United Sta- were $74; in Canada, $68. The wages were 8.1 per cent lower. Using these figur- United States formula, .1155 times 8.1 per cent equals .009 plus; Warren formul-

1595 times 8.1 per cent equals .013 minus. Thus, allowing a range on the figure of he various briefs from .9 of a cent to 4.5 cents as the nearest approach to an accurate tatement of difference in labor costs per pound of butter, it does not reach one-half he 10-cent difference which is claimed and is more than covered by 5 cents duty.

Tables in the brief (p. 2634) show feed costs higher in Quebec. Further, we call ttention to the statement of Mr. Leach, pages 2610 and 2611, as to the character of oil and natural advantages of the New England dairy section. This is borne out by he New England Dairy Tariff Committee, part 29, page 2209, under the heading, Standards of Living," and by the Tariff Information and Surveys on Dairy Products, nited States Tariff Commission, page 10.

SUFFICIENCY OF UNITED STATES SUPPLY.

We call attention to figures, page 2588, showing that the United States produced fficient dairy products for needs of the market of the country. No one denies the ct that the United States products are sufficient to more than care for the home arket, but they have consistently sought the best market, and we have produced any times the amount consumed at home. This is shown by the fact that in the st 11 months of 1921, which has been heralded as a poor year for the dairy industry, d during which there has been serious disturbance of our export trade, we still ported in value more than double the amount of imports. (See Table 7.) We wish, wever, to call attention to one misleading figure in the table referred to. The tal production of milk is correctly given for the United States as 90,600,000,000 unds for the year 1919, but of that amount only about 45,000,000,000 was available r fluid milk, the remainder going into manufactured products which are listed low in the same table, apparently as additional production. The percentage in the n column on the first line in that item would be 89 per cent instead of 42.6 per cent. ain, during 11 months of 1919 the imports and exports of dairy products for the untry as given in November Summary of Foreign Commerce, Department of Comerce, were: Imports, $11,684,769; exports, $131,923,237. Thus, the world market ve an opening for a surplus, and that the products sought the highest levels is a r inference. (See Table 7.)

PRICE LEVEL.

One more question raised is that an increase in price levels justifies higher rate than s given under the Payne-Aldrich Act. Replying, we do not understand that it been the theory of the protective tariff that all commodities should be taxed on ad valorem basis or that specific duty should be made on a cost basis. Some ngs are placed on the free list, others made dutiable, and the difference in wage els has been really more important than the relative market price.

A product like milk and the various products made from milk should not be taxed as to levy a heavy burden on the consumer. Furthermore, because of the fact at in butter-fat products we are in competition with substitutes which can be duced at a much lower cost, we must recognize there is a limit at which protection ses to protect and encourages substitutes, and that as far as the production of enue is concerned becomes a point of diminishing returns.

It is perhaps natural that in statistics given in the course of testimony rather than briefs there are errors. We have not attempted to meet many of those, as, for mple, that on page 2598 relative to the amount of butter imported from Canada 1913, where the amount is given as 35,000 pounds instead of 351,242.

Regarding the sanitary production of milk on Canadian and New England farms, are compelled to ship cream into Boston under the strictest regulations and to ng it in at a given temperature. The Canadian producers are obliged to meet se conditions before cream is taken from their dairies.

Regarding the whole question of duties on dairy products, we submit herewith an n from the New York Produce and American Creamery under date of January 11, 1. We believe that this statement covers generally the industry and its needs. believe the rates fixed by H. R. 7456 are ample for butter and cream. We do not ieve that cream is in competition with butter so that the interests of the producer uire harmonizing of the tariff rates. If they were to be harmonized, the basis is that suggested by the producer but that suggested in brief of Cream Dealers Assotion of August 30. We suggest, if your committee deems wise, a different rate on h pasteurized cream imported for consumption as cream or ice cream from that our cream and cream imported for manufacture into butter. We do this in an est effort to meet the problem which seems most to disturb the producers. We

further invite fullest inquiry into the conditions under which we import cream and the facts stated in our briefs.

[From New York Produce and American Creamery.]

THAT "EXPORTABLE SURPLUS."

According to a press item issued from the office of the executive secretary of the National Milk Producers' Federation, Mr. R. W. Balderson stated at a recent hearing before the Senate Finance Committee, in a plea for a 10 cents a pound tariff on butter, that "the United States can supply with present production all the dairy products necessary for home consumption and still have an exportable surplus." At the same time he referred to the quantities of foreign butter recently coming into United States markets as evidence that "the emergency tariff rate of 6 cents a pound, * * * is no longer an effective bar to imports."

It is interesting to speculate upon the peculiar conception of trade conditions and price relations involved in these statements.

Of course, the relation of our dairy products, in volume, to the needs for dome[illegible] consumption is affected by domestic price levels. But if the "present production" at prices affected by the added supply due to importations on a 6 cents duty leaves [illegible] with an "exportable surplus," it would be interesting to know what becomes [illegible]. And it seems inevitable that with an "effective bar to imports" and a natural[illegible] higher level of prices in domestic markets our "exportable surplus" would be a good deal like the fellow (or was it a girl?) who was "all dressed up with no place to go."

Of course, if the Danish and Argentine and Antipodean butters now coming to [illegible] markets were barred out by a prohibitive duty we could hardly expect to find [illegible] foreign outlet for what Mr. Balderson calls our "exportable surplus," unless our butter prices should fall to an export relation to the world's markets, in which case a tariff, high or low, would be of no account or effect. If our butter prices are kept abo[illegible] parity with the world's markets by a high tariff, that result can only be realized [illegible] limiting production to domestic needs at that higher price level unless some mea[illegible] could be found by which butter manufacturers could limit their sales in dome[illegible] trade and sell abroad any surplus that might arise at a lower price than domestic con[illegible]sumers had to pay, just as the dairymen's combination arbitrarily fixes a price [illegible] market milk above the normal value of milk as a whole, and sells the surplu[illegible] manufacture of dairy products at a lower price.

There is no doubt that the shutting out of foreign butter from our markets by [illegible] tariff high enough to be, as Mr. Balderson says, "an effective bar to importation[illegible] will monopolize the domestic markets for the domestic production. But that [illegible] also limit our domestic production to the domestic needs, and we can have no "exp[illegible]able surplus" unless our butter manufacturers can make a surplus profitably at [illegible] low enough to compete abroad with the goods barred out of our own markets.

TABLE 1.—*Comparative value of farm property, 1910 and 1920.*

State and item.	1920	1910	Increase.	
			Amount.	Per cent.
Maine:				
Land	$114,411,871	$86,481,395	$27,930,476	[illegible]
Buildings	89,697,100	73,138,231	16,558,869	[illegible]
Implements and machinery	26,637,660	14,490,533	12,147,127	[illegible]
Live stock	39,780,102	25,161,839	14,618,263	[illegible]
Total	270,526,733	199,271,998	71,254,735	[illegible]
Average per farm—				
Land	2,372	1,441	931	[illegible]
Buildings	1,860	1,219	641	[illegible]
Implements and machinery	552	241	311	[illegible]
Live stock	825	419	406	[illegible]
Total	5,609	3,320	2,289	[illegible]
New Hampshire:				
Land	47,425,331	44,519,047	2,906,284	[illegible]
Buildings	42,570,539	41,397,014	1,173,525	[illegible]
Implements and machinery	9,499,322	5,877,657	3,621,665	[illegible]
Live stock	19,160,923	11,910,478	7,250,445	[illegible]
Total	118,656,115	103,704,196	14,951,919	[illegible]

TABLE 1.—*Comparative value of farm property, 1910 and 1920*—Continued.

State and item.	1920	1910	Increase.	
			Amount.	Per cent.
ew Hampshire:				
Average per farm—				
Land	$2,311	$1,646	$665	40.4
Buildings	2,074	1,530	544	35.6
Implements and machinery	463	217	246	113.4
Live stock	934	440	494	112.3
Total	5,782	3,833	1,949	50.8
rmont:				
Land	82,938,253	58,385,327	24,552,926	42.1
Buildings	76,178,906	54,202,948	21,975,958	40.5
Implements and machinery	21,234,130	10,168,687	11,065,443	108.8
Live stock	42,385,331	22,642,766	19,742,565	87.2
Total	222,736,620	145,399,728	77,336,892	53.2
Average per farm—				
Land	2,853	1,785	1,068	59.8
Buildings	2,620	1,657	963	58.1
Implements and machinery	730	311	419	134.7
Live stock	1,458	692	766	110.7
Total	7,661	4,445	3,216	72.4
assachusetts:				
Land	127,653,607	105,532,616	22,120,991	21.0
Buildings	119,934,224	88,636,149	31,298,075	35.3
Implements and machinery	19,359,755	11,563,894	7,795,861	67.4
Live stock	33,524,157	20,741,366	12,782,791	61.6
Total	300,471,743	226,474,025	73,997,718	32.7
Average per farm—				
Land	3,989	2,859	1,130	59.5
Buildings	3,784	2,401	1,347	56.1
Implements and machinery	605	313	292	93.3
Live stock	1,048	562	485	86.5
Total	9,389	6,135	3,254	53.0
ode Island:				
Land	14,509,073	15,009,981	[1] 500,908	[1] 3.3
Buildings	11,878,853	12,922,879	[1] 1,044,026	[1] 8.1
Implements and machinery	2,408,561	1,781,407	627,154	35.2
Live stock	4,840,279	3,276,472	1,563,807	47.7
Total	33,636,766	32,990,739	646,027	2.0
Average per farm—				
Land	3,554	2,836	718	25.3
Buildings	2,909	2,442	467	19.1
Implements and machinery	590	337	253	75.1
Live stock	1,185	619	566	91.4
Total	8,238	6,234	2,004	32.1
necticut:				
Land	101,187,115	72,206,058	28,981,057	40.1
Buildings	89,083,712	66,113,163	22,970,549	34.7
Implements and machinery	13,248,097	6,916,648	6,331,449	91.5
Live stock	23,472,693	14,163,902	9,308,791	65.7
Total	226,991,617	159,399,771	67,591,846	42.4
Average per farm—				
Land	4,466	2,693	1,773	65.8
Buildings	3,932	2,466	1,466	59.4
Implements and machinery	585	258	327	126.7
Live stock	1,036	528	508	96.2
Total	10,019	5,944	4,075	68.6

Decrease.

TABLE 2.—*New England farm values, mortgages, and equities, 1910 and 1920.*

State and item.	1920	1910
Maine:		
Value of land and buildings	$58,427,088	$39,774,005
Mortgage debt	18,592,225	11,738,529
Equity	39,834,863	28,035,476
Average equity per farm	3,227	2,018
New Hampshire:		
Value of land and buildings	20,274,025	15,457,040
Mortgage debt	6,820,551	4,773,610
Equity	13,453,474	10,683,430
Average equity per farm	2,717	1,886
Vermont:		
Value of land and buildings	61,070,552	36,858,501
Mortgage debt	23,575,778	12,436,091
Equity	37,494,774	24,422,410
Average equity per farm	3,269	2,012
Massachusetts:		
Value of land and buildings	70,745,237	49,742,396
Mortgage debt	23,412,188	16,371,484
Equity	47,333,049	33,370,912
Average equity per farm	4,058	2,774
Rhode Island:		
Value of land and buildings	4,864,643	4,087,933
Mortgage debt	1,494,367	1,356,326
Equity	3,370,276	2,731,607
Average equity per farm	3,937	2,729
Connecticut:		
Value of land and buildings	55,781,194	37,906,308
Mortgage debt	17,860,949	11,859,468
Equity	37,920,245	26,046,840
Average equity per farm	4,660	2,874

TABLE 3.—*Total sales of dairy products, 1909 and 1919.*

State.	1919	1909
Maine	$15,543,524	$6,722,779
New Hampshire	9,627,286	5,130,057
Vermont	26,634,760	11,501,577
Massachusetts	24,279,643	14,840,927
Rhode Island	3,770,528	2,017,444
Connecticut	14,385,132	7,325,433
Total	94,240,873	47,538,217

TABLE 4.—*Summary of all New England crops, 1909 and 1919.*

State.	1909	1919
Maine	$33,386,440	$100,152,410
New Hampshire	12,112,260	23,509,665
Vermont	23,697,700	47,999,000
Massachusetts	26,191,705	53,700,923
Rhode Island	2,986,816	5,340,378
Connecticut	19,279,953	44,492,383
Total	117,654,874	275,195,393

BLE 5.—*Savings banks of New England, number of depositors, and deposits, 1919 and 1920.*

State.	1919		1920	
	Depositors.	Deposits.	Depositors.	Deposits.
ne	235,377	$92,253,000	255,277	$10,473,000
v Hampshire	244,336	121,092,000	158,518	131,184,000
mont	118,267	59,784,000	122,126	64,757,000
sachusetts	2,391,066	1,089,556,000	2,600,640	1,188,828,000
de Island	166,885	101,419,000	179,573	113,200,000
necticut	704,179	381,646,000	717,405	415,585,000
Total	3,860,110	1,845,750,000	4,133,539	1,924,027,000

TABLE 6.—*Ratio of motor vehicles to population and to mileage of roads.*

State.	Ratio to—		State.	Ratio to—	
	Population.	Miles of roads.		Population.	Miles of roads.
ne	1:15	1:2.3	Massachusetts	1:16	1:13.2
' Hampshire	1:14	1:2.2	Rhode Island	1:15	1:20.6
mont	1:14	1:1.9	Connecticut	1:13	1: 7.3

BLE 7.—*Exports of dairy products for 11 months ending Nov. 30, 1921, compared with 11 months of 1919 and 1920.*

EXPORTS.

	1919		1920		1921	
	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.
tter	30,796,366	$15,190,564	16,983,101	$9,855,358	7,575,529	$3,079,927
ese	12,856,642	4,835,600	15,288,547	4,730,546	11,332,582	2,595,620
k and cream	....	1,251,760	....	315,666	....	407,946
k, condensed, etc	776,082,017	110,655,313	394,191,431	62,122,380	276,643,305	35,184,381
Total	....	131,933,237	....	77,023,950	....	41,267,874

IMPORTS.

	1919		1920		1921	
	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.
tter	9,081,803	$4,608,925	23,420,418	$16,691,066	15,956,699	$6,565,085
ese	9,848,734	3,468,434	14,213,691	5,038,428	23,467,528	7,533,009
lk and cream	3,414,732	1,738,741	3,917,143	2,590,574	132,499 3,169,850	602,232 2,217,244
lk, condensed, etc	15,259,797	1,868,668	22,793,538	3,185,731	7,066,503 1,599,632	1,144,494 275,170
Total	....	11,684,769	....	27,505,799	....	18,337,234

STATEMENT OF THEODORE P. GRANT, REPRESENTING THEODORE P. GRANT CO., BOSTON, MASS.

Senator WALSH. What is your business?

Mr. GRANT. Wholesale cream.

Senator WALSH. And you are located in Boston?

Mr. GRANT. I am located in Boston.

Senator WALSH. How extensive is your business?

Mr. GRANT. Last year we did about three-fourths of a million.

I do not propose to take a great deal of time, but I do want perhaps to emphasize one or two points. Mr. Parker's brief, I believe, gentlemen, if you will study it will give you some light on the subject that you have not had before. I have been engaged in the milk and cream business for about 20 years, and when we first started in the creamery business all our creameries were located along the line of the railroads. We took in milk from the farmers, separated it and gave them the skimmed milk back, and shipped the cream or butter to the market.

In Saturday or Sunday's Boston Herald is a little picture giving the way the milk market had changed in the last 20 years.

In 1900 they got all their milk for the Boston market from Massachusetts and a short distance up into the State of New Hampshire and nothing from Vermont; in 1910 they reached part way into Vermont and a little way into Maine, and in 1920 they covered the whole of Vermont, New Hampshire, and away down there into Maine and they had reached into New York State.

Your farmer is ambitious to sell milk on account of the more advantageous price as against butter. I do not think anybody will disagree with that.

Senator DILLINGHAM. There is a great difference of opinion in Vermont and a great contest among farmers as to which is the better way for them, part sticking to butter and part selling their milk.

Mr. GRANT. My experience as a creamery man, Senator, is that we have been absolutely forced away from all railroad shipping points for our supply of cream as a business.

As Mr. Parker has said, we are shipping the commercial cream that is absolutely necessary to-day; it is a necessity; it is not a luxury. A few years ago when I started in the business cream was a luxury. To-day at a wayfarer's lodge even the tramp who goes there and saws wood wants cream in his coffee, when before he would have been glad to get coffee with skimmed milk; everywhere you go you hear the cry for cream.

As this thing developed we had to go into Canada for our supply. I think that I was one of the first ones who took cream across the border into New England and at the same time was operating creameries there. To-day I do not operate any creameries, but we buy our supply in New England and in New York State and in Canada.

Senator WATSON. What is it you really want?

Mr. GRANT. What we want is this: We want to forget that [illegible] cents a gallon that the New England Milk Producers and the National Dairy Union Association are asking on cream, which would absolutely prohibit bringing in the cream and make us absolutely [illegible]

Senator WATSON. Do you want cream free?

Mr. GRANT. No; we do not. We supported the Fordney bill, because we believed that cream for commercial purposes should be taxed for some revenue. But when we come to tax it to prohibit imports, we do not see that we are doing the Government any good and it is certainly going to put some of us right out of business, because there is not cream enough in New England to go around under normal conditions, and when abnormal conditions come we are in a very serious condition.

Senator WALSH. Is there not a marked increase in dairy cattle in Massachusetts?

Mr. GRANT. I believe there is a marked increase, but I understand Vermont has not increased.

Senator LA FOLLETTE. That is probably due to the importation of milk and cream from Canada.

Senator WALSH. It is not a very large increase; it has increased very slightly.

Senator SMOOT. Do you want this 30 per cent butter fat increased to 40 per cent the same as Mr. Parker?

Mr. GRANT. Yes, sir.

Senator SMOOT. And you want the 5 cents a gallon to remain as it is?

Mr. GRANT. Yes, sir.

Senator SMOOT. And 1 cent a gallon on milk?

Mr. GRANT. We are not particularly interested in milk, but I believe that that is sufficient. We believe the amount which comes in is infinitesimal, and in this brief Mr. Parker has filed you will find dairy markets from 1913 on which included the cream.

Senator SMOOT. The Payne-Aldrich tariff of 1909 was 5 cents a gallon cream.

Mr. GRANT. Then cream was put on the free list under the Underwood Act.

Senator SMOOT. That is true.

Mr. GRANT. None of the dire calamities have happened that were feared in some of the arguments that have been made. We have had a higher butter market in Canada right along than many thought we would have. So that in eight years there have been only five or six months when it has been possible to import butter at a profit.

As regards harmonizing these prices: Part of these prices are harmonized on the other side; that is, to get market cream it must be pasteurized. We can not take raw cream across the line successfully, pasteurize it, and ship it to the market.

We must have it pasteurized there, and for that reason we are obliged to pay Canadian creameries a premium of from 1 to 3 cents a pound of butter—not butter fat in the content of a can of cream. And to bring that across it costs us for hauling and icing charges on every can that we get across the line about $1. In fact, my books will show that it has done that for the last three years.

Senator WALSH. So you prefer to get the cream in New England territory if you could to avoid that charge?

Mr. GRANT. If we could, yes.

Senator WALSH. Is the situation this: The demand for cream in the summer months is away beyond the supply that New England furnishes to the market?

Mr. GRANT. Yes, sir.

Senator WALSH. And in order to have that supply in the summer you must keep up some trade with the producers of cream in Canada?

Mr. GRANT. Absolutely.

Senator WATSON. What is the difference between the price of cream in Canada and in the New England States?

Mr. GRANT. Canadian creams cost us more since the 1st of January on the average than New England creams, on account of the fact that the Canadian butter market on which we buy——

Senator McCUMBER (interposing). It costs more where—in Canada?

Mr. GRANT. Delivered in Boston, and that is where we have to figure it; we can not figure it at the border.

Senator McCUMBER. What about the cost of transportation from Canada to Boston as compared with other New England points in the interior?

Mr. GRANT. That is all on mileage basis, Senator. On the railroad it costs, at about the cheapest rate we can get, on a can of cream to any point 50 to 55 cents, and from that to 60 and 75 cents.

Senator McCUMBER. That is in the United States?

Mr. GRANT. Yes.

Senator McCUMBER. What does it cost to bring it in from Canada, exclusive of the tariff?

Mr. GRANT. My Canadian cream costs about $1.50 for hauling, freight, and icing. We are dealing not with a cream to go into butter.

Senator McCUMBER. Does that include the tariff?

Mr. GRANT. That does not include anything except hauling and icing charges. My books will show that, and they will be open to the inspection of anybody representing this committee.

Senator DILLINGHAM. Do you know what amount of dairy products is produced in the Province of Quebec as compared with the whole amount produced in the Dominion of Canada?

Mr. GRANT. I do not. Mr. Parker's figures in his brief, I think, will show that.

Senator DILLINGHAM. My recollection is that Quebec produces about 75 per cent of the entire Canadian dairy products?

Mr. GRANT. I think so. But you can not go back more than 10 or 15 miles from the border to get this market cream. You have got to take what is made in there.

Senator DILLINGHAM. Coming back to this question of differentials. Take the question of butter; do you remember what the rate was under the existing law on butter coming into this country from Quebec?

Mr. GRANT. At the present time?

Senator DILLINGHAM. Yes.

Mr. GRANT. Six cents a pound.

Senator DILLINGHAM. Under the Underwood bill it was 2½. Do you know what the Canadian charges to the northern Vermont farmer were if we wanted to send our butter into Montreal?

Mr. GRANT. I do not know that.

Senator DILLINGHAM. I do not remember exactly; but my recollection is that it was 4 cents. I know there is a difference and that Canada charges more than we charge. What is the population of New England?

Mr. GRANT. Something over 7,000,000.

Senator DILLINGHAM. What is the whole population of Canada? n million, is it not? And we have that great market in New gland, which Quebec wants, of course, and Quebec is not so far tant but what under proper conditions freight rates can be paid. want to call your attention to those things and have you explain m in connection with the other statements you are making. Our rmont farmers pay taxes to support American institutions and y think they have a better right to the New England market than ebec has.

Mr. GRANT. And we are very glad to give it to them.

Senator DILLINGHAM. All along the New England border we have d men who have creameries in the United States. They are near border, and I have no doubt they would like to get the cream from nada, and I am willing that they should have it, but I want it to on fair rates, and I hope that you gentlemen in making your plea e to-day will be able to suggest some line upon which the two erests could agree as being fair and right; if your brief does that hall be very glad to study it.

Mr. GRANT. I think it does. I think I will bring that out also it we absolutely need market cream. The brief will show that I it telegrams and letters to a dozen or fifteen creameries in the States Vermont, New Hampshire, and New York—the points of large pply—and I was unable to get 50 gallons a day; I was not able to anything. I have the copies of the letters there, but I also have originals, and I will be glad to leave the originals if the copies ll not do.

Senator DILLINGHAM. It is your idea, is it, Mr. Grant, that the w England dairymen have specialized more either in butter or in lk and have not shipped so much cream; that is your claim, is it?

Mr. GRANT. Absolutely.

Senator DILLINGHAM. I do not know how far that is true.

Mr. GRANT. I have in the past operated creameries, and now I have t one on the line of a railroad. I do not operate any. But we do y in Franklin County in the wintertime, and from the Richmond eamery, and I can mention some others the Senator may know.

Senator DILLINGHAM. I know all of them.

Mr. GRANT. Those names are contained in the brief. And then I ve taken the matter up with the department of agriculture in assachusetts, who had been making a survey of the cream supply th the hopes of enlarging it, and they sent me a list of all the eameries they had gotten answers from as a possible source of pply. I wrote to every one of them, and I succeeded in getting one an who would sell me 50 gallons a day. I was looking for 250 to 0 gallons, and I would have guaranteed to have bought for three onths, and that probably meant continuing right through the year. Our solution of this problem is this: It has come to me within the st 48 hours—and I think Mr. Parker has figured part of it in his ief—that this commercial cream up to 40 per cent butter fat, steurized cream for market use, should be taxed 5 cents per gallon. ow, that 5 cents per gallon represents what? It represents 1¼ to cents per pound on the butter content. We have to pay from to 2½ cents per pound premium above the Canadian butter market, hich makes about 4 cents per pound, to which add 3 to 4 cents per

pound of butter for hauling, icing, and freight charges, and the duty is already more than harmonized with the present duty on butter.

If we can get a rate on commercial cream, pasteurized in Canada, at 5 or 6 cents a gallon up to 40 per cent, and then tax the cream coming in sour or sweet for manufacturing into butter at 10 cents or any rate that is right, we are right with it. I believe it will solve the problem and take care of all this bugaboo that is continually coming up about the possibility of flooding the land with cream along the line and making it into butter. That has never been practiced successfully; it was practiced in 1910; along the border as soon as the Payne-Aldrich law went into effect 9 or 10 of these Canadians came across and established factories along the border in New York State; they built creameries and started in to the manufacture of butter, and they all went broke when the butter panic came in the spring of 1911, and there are none of them there that I know of. There is some butter made, but it is an infinitesimally small amount.

Senator WALSH. If cream came in free from Canada, you would prefer to buy it from Vermont and New Hampshire?

Mr. GRANT. We prefer it at all times.

Senator WALSH. Would it be cheaper for you?

Mr. GRANT. There is not a great deal of difference between the cost of a gallon of cream in Canada and the cost of cream in New England at any time, as an analysis of our butter markets will show from 1913 to 1921. We have them right up to date in this brief, and they will show. To some of them we have added on the Payne-Aldrich tariff and the present emergency tariff, and they will show the Canadian butter market, the basis on which cream is bought, is frequently higher than our own; and in that case you can not bring the cream in and manufacture butter to compete with our own goods.

We have been at the business 12 or 13 years, and I know it is an impracticable proposition, and I know there is absolutely no danger to the farmers of the country. I believe that if we can have it arranged so that we can have 5 cents duty on market cream—and bear in mind, again, we pay a premium on the Canadian side of the line in order to have them manufacture it—we would be taking a step in the right direction.

Senator DILLINGHAM. May I inquire whether the other side of the question has made application for hearing?

Mr. Stewart will know, I think.

Senator SMOOT. There is a long list of them.

Senator MCCUMBER. What was the question, Senator?

Senator DILLINGHAM. I asked whether the farmers or those representing the farmers of New England had asked to be heard on this question. They are coming later, I understand. But bearing on this, I will ask to have put into the record a brief sent to me by the New England Tariff Committee on certain dairy products, which appears to have been prepared by W. H. Bronson, statistician, New England Milk Producers' Association; O. M. Camburn, director of dairying, Massachusetts Department of Agriculture; and G. C. White, professor of dairy husbandry, Connecticut Agricultural College.

Senator MCCUMBER. That may be done.

DAIRY PRODUCTS.

[Paragraphs 707–710 and 1598.]

TATEMENT OF CHARLES W. HOLMAN, WASHINGTON, D. C., REPRESENTING NATIONAL MILK PRODUCERS' FEDERATION.

Mr. HOLMAN. My name is Charles W. Holman, and I am acting ecretary of the National Milk Producers' Federation.

I am filing, Mr. Chairman, a list of our member associations, which a collection of cooperative corporations exclusive of farmer memership, representing, in the aggregate, 21 associations and something ver 200,000 farmer members.

MEMBERS OF NATIONAL MILK PRODUCERS' FEDERATION.

Dairymen's League (Inc.) and Dairymen's League Cooperative Association (Inc.), tica. N. Y.
New England Milk Producers' Association, Boston, Mass.
Inter-State Milk Producers' Association, Philadelphia, Pa.
Maryland State Dairymen's Association, Baltimore, Md.
Maryland and Virginia Milk Producers' Association, Washington, D. C.
East Tennessee Milk Producers' Association, Knoxville, Tenn.
Oregon Dairymen's Cooperative League, Portland, Oreg.
Kentucky & Indiana Dairies Co., Louisville, Ky.
Queen City Milk Producers' Association, Cincinnati, Ohio.
Ohio Farmers' Cooperative Milk Co., Cleveland, Ohio.
Dairymen's Cooperative Sales Co., Pittsburgh, Pa.
Northwestern Cooperative Sales Co., Wauseon, Ohio.
Michigan Milk Producers' Association, Detroit, Mich.
outhern Illinois Milk Producers' Association, St. Louis, Mo.
Twin City Milk Producers' Association, St. Paul, Minn.
The Milk Producers' Association and the Producers' Cooperative Marketing Co. of Chicago District, Chicago, Ill.
Milwaukee Milk Producers' Association, Milwaukee, Wis.
ouisiana and Mississippi Dairymen's Cooperative Association, New Orleans, La.
ssociated Dairymen of California, San Francisco, Calif.
nited Dairy Association of Washington, Spokane, Wash.

I am also filing a list of our officers and directors, Mr. Chairman

OFFICERS AND DIRECTORS OF THE NATIONAL MILK PRODUCERS' FEDERATION.

Milo D. Campbell, president.
R. D. Cooper, first vice president.
H. W. Ingersoll, second vice president.
F. P. Willits, treasurer.
eorge Brown, secretary.
has. W. Holman, acting secretary.
oard of directors: Milo D. Campbell, Coldwater, Mich.; R. D. Cooper, Little s, N. Y.; H. W. Ingersoll, Elyria, Ohio; George Brown, Sycamore, Ill.; G. R. , Milwaukee, Wis.; W. F. Schilling, Northfield, Minn.; H. W. Tinkham, Warren, ., W. J. Kittle, Crystal Lake, Ill.; J. D. Miller, Susquehanna, Pa.; F. P. Willits, l Pa.; R. C. Reed, Howell, Mich.; Harry Hartke, Covington, Ky.; J. M. lerson, Sacramento, Calif.; P. S. Brenneman, Jefferson, Ohio; Richard Pattee, ton Highlands, Mass.; J. A. Scollard, Chehalis, Wash.; Alma D. Katz, Portland, g. F. T. Holt, Kenosha, Wis.; H. J. Schultz, Shipman, Ill.; D. G. Harry, Pyles-, Md.; J. Wood Yager, La Grange, Ky.
xecutive committee: Milo D. Campbell, R. D. Cooper, H. W. Ingersoll, W. J. tle, J. D. Miller; alternates, Harry Hartke and R. C. Reed.

n order to expedite the dairy discussion before this committee, the ducers' organizations and some of the creamery men have agreed divide up the time among themselves and to present sectional uments.

Cost of producing 100 pounds of milk, "Warren formula."

Item.	Quantity.	Price per ton or hour.	[illegible]
Grain...pounds..	33.29	$38.50	[illegible]
Hay...do....	43.3	16.00	[illegible]
Other dry forage...do....	10.8	8.00	[illegible]
Silage...do....	92.2	8.00	[illegible]
Other succulents...do....	8.3	8.00	[illegible]
Labor...hours..	3.02	.28	[illegible]
Total, representing 79 per cent of cost...	....	....	[illegible]
Final cost, including overhead...	....	....	[illegible]

BASIS OF COSTS OF MILK PRODUCTION IN THE VARIOUS SECTIONS.

New England: The New England costs of milk production are based upon the "Warren formula," which was developed by Dr. G. F. Warren, of Cornell University, who was a member of Hoover's milk commission, and which was used by regional Federal milk boards in determining the cost of milk production during the war period. The "Warren formula" gives the quantities of feed and labor required to make 100 pounds of milk. To these quantities have been applied new feed and labor prices as of April to bring such costs up to date.

New York: New York cost is based upon the "Warren formula," from figures furnished by Dr. G. F. Warren, of Cornell University as of May, 1921.

Philadelphia: Philadelphia costs are from the New Jersey State Experiment Station, comprising a study made of the cost of production of milk on 65 farms in the large milk-producing sections of New Jersey for May, 1921, and checked with the records of over 4,000 cows in cow-testing associations in Pennsylvania and a recent survey of the cost of milk production made by the United States Department of Agriculture in Delaware.

Baltimore: Baltimore costs were obtained from a survey of 94 farms in Maryland which was conducted by the United States Department of Agriculture in 1920, such costs brought up to date as of May by introduction of new labor and feed costs.

Ohio: Ohio costs were obtained from 42 cow-testing associations, which have records extending over a period of seven years with a total of over 21,000 cows, also including the milk-cost associations which have been operating for the past few years under the supervision of the Ohio State University. These costs in each case have been brought up to date by the substitution of new feed and labor costs.

Chicago: Chicago costs are based on the modified "Pearson formula," which was used by the Chicago Federal milk board appointed by Hoover during the war period to determine costs of milk production, with the figures brought up to date by applying recent feed and labor costs.

California: California costs are based on figures from the records of the dairymen of California for May, 1921, as furnished by the Associated Dairymen of California [illegible]

Compared with these costs, the costs in Quebec, Canada, in April were [illegible] hundred for 3.5 per cent milk, a difference as compared with New England of [illegible] per hundred in favor of Quebec, or 4.1 cents per gallon, and with the United States [illegible] 43 cents per hundred or 3.7 cents per gallon. The costs in Quebec, Canada [illegible] obtained by an actual survey in territory shipping milk and cream to Boston.

Based on these costs of milk production, the cost of producing 1 gallon of [illegible] cent cream is 40 cents per gallon less in Quebec than in New England, and [illegible] per gallon less in Quebec as compared with the United States.

Canada and Denmark: Based on these costs of 100 pounds of milk, the cost [illegible] ducing 1 pound of butter is 10 cents less in Canada than in New England and [illegible] United States. The cost of producing 1 pound of butter in Denmark, as stated by Mr. Harold Faber, agricultural commissioner for Denmark, for 1920 was 40 [illegible] pound, and as stated by Mr. O. H. Larsen, professor of agricultural economics [illegible] Royal Agricultural College, Denmark, was 45 cents per pound. As compared [illegible] the cost of producing 1 pound of butter in the United States of 59 cents and [illegible] New England States of 55 cents, this gives the advantage to the Danish producer from 15 to 19 cents, with the cost of transportation only 2½ cents per pound to New York.

Other foreign countries: It has been impossible to obtain production costs of [illegible] products in other foreign countries than Denmark, but the following tabulation [illegible]

bor rates in the United States and foreign countries, as reported from Government urces, indicates that production costs in other foreign countries than Denmark are nsiderably lower than United States production costs.

Farm wages in United States compared with foreign countries in 1920.

Country.	Farm wages without board.	Difference.	Per cent of difference.
ited States (dairy section)	$74		
nada	68	$6	8
nmark	50	24	32
itzerland	57	17	23
eden	35	39	53
stralia	53	21	28
gland	36	38	51
ance	18	56	76
rmany	12	62	84

TRANSPORTATION CHARGES.

A study of transportation costs from Denmark to New York as compared with transrtation costs from Minnesota and Wisconsin to New York shows that butter can be ded in that market as cheaply from Denmark as from the Middle West States, the st of transportation in each case being approximately 2½ cents per pound, and nsportation costs from the extreme West give a decided advantage to the foreign oducer. (Transportation charges in respect to milk and cream, considered priarily from a New England and New York State standpoint: The transportation arges for milk from the center of production in New England compared with the nter of production in Quebec favor the New England producer by 6 mills per gallon. milar costs of transportation on cream show that the transportation costs favor the w England producer by the same amount. The cost of transportation of a pound of tter from the New England center of production to Boston as compared with the sts from Quebec center of production is three-tenths of a mill less.)

SPECIFIC DUTY DESIRABLE.

From an administrative standpoint it is believed that a specific duty on dairy oducts is more desirable than an ad valorem duty.

CHANGE IN PRICE LEVEL MAKES HIGHER DUTY NECESSARY.

In 1897, when butter sold for 20 cents per pound, a duty of 6 cents per pound was opted. At the present price level of butter, which will average from 30 to 40 cents r the year, a duty of at least 10 cents per pound is necessary to give the same protion.

A study of the United States production and consumption of dairy products shows at enough are produced here to meet all demands without any imports.

UNITED STATES, 1919.

[From the Market Reporter, June, 1920.]

Item.	Production.	Consumption.	Ratio of consumption to total produced.
	Pounds.	*Pounds.*	*Per cent.*
[illegible]	90,600,000,000	38,619,000,000	42.6
[illegible]	1,560,000,000	1,530,000,000	91.7
[illegible]	420,000,000	404,000,000	96.2
[illegible]ed milk	1,925,000,000	1,217,000,000	63.2

In 1919, 416,000 gallons of cream were shipped from Canadian points to Bos
The butter produced by New England creameries would have provided four and a ha
million gallons of 36 per cent cream, or eleven times the amount necessary to replace th
Canadian shipments. The butter production in New England would have suppli
nine times the amount needed to replace Canadian cream shipments to Boston for th
month of heaviest shipment (June).

BALANCE OF TRADE ON BUTTER.

The Market Reporter, published by the United States Department of Agricultu
for February 26, 1921, shows that we have changed from a net exporting coun
in 1919, when we exported an equivalent of 500,000,000 pounds of milk, to a n
importing country in 1920, when we imported what would be equivalent to ov
400,000,000 pounds. The butter imports from Canada have increased from 35
pounds in 1913 to over 9,000,000 pounds in 1920. This has resulted in an oversup
of dairy products, which has resulted in a demoralized market and a selling pr
lower than the cost of production.

In order to maintain the standard of living on American farms and meet th
difference in costs of production of dairy products in this country and foreign co
tries, adequate protective tariff is necessary.

IMPORTATION OF VEGETABLE OILS A MENACE TO THE DAIRY INDUSTRY.

The dairy industry demands a tariff on vegetable oils equal to the tariff on b
for which it is used as a substitute. The wholesale price of vegetable oils is usu
about 25 per cent of the wholesale price of butter, yet butter substitutes usu
sell for 75 per cent of the price of butter. The importation of vegetable oils u
largely in the production of substitutes for butter and other milk products incre
from 82,000,000 pounds in 1912 to over 435,000,000 in 1920. This importation in 1
replaced the butter-fat production of over a million cows, or 7 per cent of the to
number of cows in the United States. This has been an important factor in cau
losses to dairymen, and it may have damaged materially the health of the Nat

IMPORTANCE OF DAIRY PRODUCTS TO THE NATION.

Eminent scientists and health authorities now recognize milk and its produc
absolutely essential to the life of the Nation, because they promote growth, healt
reproduction, and longevity, and at the same time are the most nourishing a
cheapest form of animal foods. Therefore, the Nation must give the dairy far
protection which is as effective as that applied to other industries.

Mr. HOLMAN. Following that report, the farm organizations rep
resented here in Washington have held a number of meetings a
which they have discussed the dairy tariff schedules and oth
schedules, and they have come to some agreement among themselv
in order to get unified support of the changes which I am offeri
for the record this morning. I will not read the changes, as th
witnesses who will follow me will discuss it very carefully by para
graph, and it will save your time.

I also wish to file a special brief by the Associated Dairym
(Inc.), California, one of our member associations, in regard to cas
and milk sugar, and to file an introductory statement of Pre
dent Milo D. Campbell, president of the National Milk Produc
Federation.

Senator WATSON. Any brief that you desire to file and any witn
desires to file will be received for the record.

Mr. HOLMAN. Detailed briefs will be filed by the various memb
who will follow me.

In closing, I wish to emphasize this point, gentlemen of the com
mittee, that it is the producer who is most vitally interested in th
protective tariff on dairy products at the present time, because he
the one whose price is made the first base on which the later ope
tions are made.

Subsequently, the arguments which we will present before you are based primarily upon the need of our farmers.

I wish to thank you, and state our other members will follow in order.

BRIEF OF THE ASSOCIATED DAIRYMEN (INC.), OF SAN FRANCISCO, CALIF.

Casein and milk sugar should be placed on the dutiable list at the rate of 4½ cents per pound.

A duty on both casein and milk sugar is necessary for the protection of the dairy industry. While they may be regarded as secondary products, they, of course, have direct bearing on the value of milk.

If the United States requirements for casein and milk sugar are supplied from other countries, the value of milk in this country will inevitably be reduced proportionately. Furthermore, casein and milk-sugar production has not been fully developed in the United States because of foreign competition. As important war materials, the production has been greatly stimulated during recent years. These industries, however, will be reduced to their former status without protection being given.

It should be remembered that the water rates on casein from South America and Europe to New York are less than rates by water on casein and milk sugar from San Francisco to New York. It should be remembered that California is an important producer both of casein and sugar of milk.

To place casein and milk sugar on the free list, with a protective tariff on other dairy products, places these products in a worse position than they are in at the present time, because it offers a special opportunity for dairy products to come in in this form.

Considering these facts, it would seem only fair that casein and milk sugar be put on the dutiable list at rates in keeping with the rates proposed for other milk products. Such rates of duty should provide as much protection for 100 pounds of skim milk when made into casein and milk sugar as when made into skim-milk powder.

Approximately 6 pounds of casein and milk sugar (about 3 pounds of each) is obtained from 100 pounds of skim milk, while approximately 9 pounds of skim-milk powder is obtainable from the same quantity of skim milk. It would seem only fair, therefore, that the per pound duty on casein and milk sugar should each be one and one-half times the rate on skim-milk powder.

CREAM AND SKIM-MILK POWDER RATES TOO LOW.

The dairy products schedule contained in H. R. 7456 when applied to the different products resulting from 100 pounds of 4 per cent milk shows a wide variation in the protection afforded, as shown in the following table:

Approximate rates on the different products from 100 pounds of 4 per cent milk.

Product.	Proposed by H. R. 7456.	Equivalent in terms of milk.
...h milk	1 cent per gallon	12 cents per 100 pounds.
...r milk, buttermilk	½ cent per gallon	6 cents per 100 pounds.
...am, 29 per cent fat	5 cents per gallon	8.6 cents per 100 pounds milk.
...weetened evaporated milk	1 cent per pound	43.6 cents per 100 pounds milk.
...etened condensed milk	1½ cents per pound	28 cents per 100 pounds milk.
...le-milk powder	3 cents per pound	39 cents per 100 pounds milk.
...m-milk powder	1½ cents per pound	13.5 cents per 100 pounds milk.
...ter	8 cents per pound	40 cents per 100 pounds milk.
...se at less than 30 cents per pound	5 cents per pound	50 cents per 100 pounds milk.
...in	Free	No protection.
...k sugar	do	Do.

From the above it will be noted that there is a serious lack of uniformity in the rates proposed; but on the better-known products, such as butter, cheese, and evaporated (unsweetened) milk, the duty is equivalent to from 40 to 50 cents per hundred pounds on milk used in their manufacture.

No doubt it was considered that fluid whole milk and buttermilk would require little protection, since they could not come in large quantities in any event. Such, however, does not apply to other products that are seriously out of line.

It will be seen from the above table that the protection on the butter from 100 pounds of milk is 40 cents, while on butter fat, in the form of cream from the same

quantity of milk, it is only 8.6 cents. With the present methods of pasteurization and refrigeration cream can readily come in from Canada, and with particularly attractive markets might very well be expected to come from New Zealand, South America, and Denmark as well.

Referring again to the table, it will be noticed that the combined protection afforded to skim-milk powder and butter fat (in the form of cream) that may be secured from 100 pounds of milk is only 22.1 cents, while the same quantity of milk converted into cheese would give protection of 50 cents; into butter, 40 cents; into whole-milk powder, 39 cents; into unsweetened evaporated milk, 43.6 cents; into sweetened condensed milk, 28 cents.

Skim-milk powder is certainly as importable as any other product. Moreover, its production is one of the newest of our dairy industries. The development of the skim-milk powder industry in the United States must certainly be recognized as a matter of importance, not only to the dairy industry but to the Nation as a whole. It is only fair, therefore, that skim-milk powder be given at least as much protection as the older and well-established dairy industries are accorded.

In order that this be done, the rate on skim-milk powder in H. R. 7456 should be raised from 1½ cents to 3 cents per pound.

It is obvious that these rates should be raised in order that all protection afforded by the dairy schedule may apply with uniformity upon all products; and it is equally obvious that casein and milk sugar should for the same reason be placed on the dutiable list, each at 4½ cents per pound.

It is a matter of plain justice that the rate on skim-milk powder and cream (butter fat) combined should at least be equal to the rates on evaporated whole milk, whole-milk powder, or even cheese or butter.

It must be recognized that it is equally just that the combined tariffs on casein and milk sugar should be equal to the rate on skim-milk powder.

It must be remembered that in a modern milk plant milk is to all intents and purposes a raw material which can be converted into one product or another to meet market demands. To protect butter, therefore, and to allow cream to come in practically free will defeat the very purpose of the tariff. Moreover, to place a high protection on butter, cheese, evaporated milk, and condensed milk, and a low degree of protection on skim-milk powder, or on casein and milk sugar, will attract the greatest possible imports of the latter products and thereby reduce the real protection for the owners of the modern milk manufacturing plants. The absolute omission of casein and milk sugar from the dutiable list will still further contract the field of operations for the milk plants.

We trust that these considerations will have careful consideration and approval.

IMPORTS, PRICES, AND DOMESTIC PRODUCTION OF CASEIN (LACTARENE).

Importation of casein.—The importations of casein (lactarene) into the United States has increased from 9,000,000 pounds in 1913 to over 21,000,000 in 1920, as follows:

Imports of casein (lactarene), by years.

[Report Foreign and Domestic Commerce.]

	Pounds.		Pounds.
1913	8,805,000	1917	12,31[illegible]
1914	10,798,000	1918	7,0[illegible]
1915	7,920,000	1919	17,2[illegible]
1916	10,376,000	1920	21,2[illegible]

Over 17,000,000 of the 21,000,000 pounds of casein which was imported in 1920 came from Argentina, as shown by the following:

Imports of casein (lactarene) by countries, 1920.

[Report Foreign and Domestic Commerce.]

	Pounds.		Pounds.
France	368,000	Japan	[illegible]
England	2,257,000	Australia	[illegible]
Argentina	17,300,000	New Zealand	[illegible]
Brazil	201,000		
British India	250,000	Total	21,23[illegible]

Casein prices.—As a result of these very large importations of casein the price to he manufacturer of casein has gone so low that it now pays no more than the cost of nanufacture and returns no value for the skim milk used in its production. This as cut off an important market for skimmed milk. It is an economic waste not to se this skimmed milk to replace foreign casein. The following shows the prices eceived for casein by one New England producer of the product:

Casein prices, per pound.

	1918	1919	1920	1921		1918	1919	1920	1921
	Cents.	*Cents.*	*Cents.*	*Cents.*		*Cents.*	*Cents.*	*Cents.*	*Cents.*
nuary	13½	15	11	8½	July	16	10½	12½	6
bruary	13½	13	12	8	August	16½	11	13	5
arch	13½	12	12	6½	September	17	12½	13	5
ril	13	13	12½	6	October	17	12½	12½	5
y	14	10	12½	6	November	17	12½	12½	5
ne	15	10½	12½	6	December	17	12	10	5

Average prices.

	Cents.
13	6
14	5¾
15	6½
16	12
[illegible]	16½

Domestic production of casein.—The United States Department of Agriculture, reau of Markets, reports the domestic production of casein or lactarene as follows:

	Pounds.
18	10,935,000
19	13,685,000
20	11,526,000

IEF OF MILO D. CAMPBELL, COLDWATER, MICH., REPRESENTING THE NATIONAL MILK PRODUCERS' FEDERATION.

Permit me in behalf of over 200,000 members of the National Milk Producers' Federation to file with you the following general statement:

We ask that you first consider that we come to you as milk producers, farmers, d not as manufacturers.

There are 4,000,000 milk producers in the country and but comparatively few nufacturers of dairy products.

Wherein our demands for tariff rates may differ, if they shall, we want you to bear mind that manufacturers who live and prosper upon margins, the value of whose ducts is more than 85 per cent the whole milk or cream bought of the farmers, have right to disregard the needs of the real producers of dairy products.

We come to the committee asking no special favors in the way of protections not ted to other deserving industries.

We have no apprehension that there will be any discrimination between schedules ecting the farmer and those affecting manufacturers, nor have we any present reason doubt the purpose of the committee; but, should there be any attempt to trade the mer for foreign markets, to place upon the free list or near free lists his products, gain trade for protected industries, the same will not be patiently tolerated by riculture.

The specific rates asked by the milk producers of the country upon their various ducts will be presented to your committee by experts, and we ask that they be cted. I am here but mentioning a few basic reasons why they should be enacted o law, along with other protective tariffs upon farm products.

The difference between a protective tariff and a revenue tariff consists chiefly and most wholly in wages. I want to invite the attention of the committee to this most portant question, as it affects the farmer and particularly the dairy farmer at this

FARM EARNINGS—WAGES.

The total production of the farms of this country for the year 1921 will not ex[illegible] $10,000,000,000.

This sum includes all produce of every kind and description including live st[illegible] whether sold or consumed on the farms by the farmers themselves.

This estimate is probably about $2,000,000,000 too high, owing to the rapid drop [illegible] prices during the last few months.

Before the farmer can count a labor wage for himself, he must make from the ab[illegible] amount some deductions.

1. The last census fixed the value of his land, covering 6,459,000 farms [illegible] $54,903,000,000, his implements and machinery at $3,595,000,000, his live stock [illegible] $7,996,000,000, and his buildings at $11,430,000,000. We exclude farmhouses fr[illegible] the last item, because used as a residence should be offset against him. We therefo[illegible] divide the buildings amount by 2, calling it $5,760,000,000. We thus have a [illegible] investment other than for residences, of $72,250,000,000.

Let us first allow the farmer a meager 6 per cent upon his total investment [illegible] $4,335,000,000.

Allow him depreciation and repairs upon his buildings, fences, farm machinery [illegible] equipment, losses through sickness and accident to his live stock, depletion of [illegible] etc.

A very moderate estimate must place this at 6 per cent upon his valuation [illegible] another $4,335,000,000.

His insurance and taxes, State and local, will exceed $1,500,000,000.

These allowances to the farmer will total $10,170,000,000 or $170,000,000 more th[illegible] the total value of every crop raised from field and orchard, including all live st[illegible] sold.

This does not leave a dollar of wage for the 12,000,000 men employed upon th[illegible] farms of the country, not a dollar for the support of the 40,000,000 people living [illegible] in the rural districts.

Of course, this statement will be at once challenged as to accuracy by the unthi[illegible] ing, because the farmer must and does exist somehow.

He lives, however, because he gets nothing upon investment and because [illegible] allowing his farm, his buildings, and farm equipment to go without repairs or renew[illegible]

There are no new fences, no freshly painted farm buildings, no new farmho[illegible] and but absolutely indispensable farm machinery is purchased.

He can not escape taxes, insurance, mortgage indebtedness, etc. But to mak[illegible] concrete the conditions existing let us divide by 12,000,000 (the number of [illegible] farm workers) an estimated possible $5,000,000,000 remaining after taxes, insuran[illegible] and necessary property expenses are met.

We would have for each man per year for wages $416, upon which himself a[illegible] family must subsist, and upon which three and a third persons must live.

This does not account for any earnings for the millions of women and older childr[illegible] who work in the fields, care for stock, milk cows, and do other farm work.

With no allowance for investment, the farmers of this country are not rec[illegible] this year a dollar a day for their labor.

MANUFACTURING INDUSTRIES.

Upon the other hand, let us take a look at manufacturing industries. It is [illegible] known that profits are at a low ebb and that enterprise is lagging everywhere.

But statistics prove the contention we make, that agriculture must not be discri[illegible] nated against or traded in this tariff bill, if justice is to mark its course.

There are 289,768 factories reported, with 9,103,000 wage earners employed the[illegible]

Their capitalization is $44,500,000,000, and their products last year amounted [illegible] $63,000,000,000.

If we should make the same allowances that we did for the farmer, credit the ow[illegible] 6 per cent for their investment and all other items a like consideration, we would [illegible] an earning for labor amounting to more than $5,000 for each man per year. It mu[illegible] admitted that in the grand total of $63,000,000,000 manufactured products mu[illegible] some pyramiding of figures, but not excessive.

Chicago alone claims to have manufactured products valued last year at $[illegible] 000,000.

We need not carry this analogy further, for we have no desire to arouse class an[illegible] nism, nor are we opposing a fair wage to American labor.

FOREIGN TRADE.

We do not place the importance upon foreign trade to our industries that is being ...d by the manufacturing industries upon Congress.

During normal times more than 90 per cent of our farm and manufactured products ... sold at home in the home market.

The cause of our business paralysis at this time is not because of lessened foreign ...de, it is because of the utter impossibility of the farmers of the country to buy, ...consume their part of the 90 per cent from the factories of the country usually ...orbed at home.

The 35,000,000 people on the farms of this country are consumers of manufactured ...ff equal to the consumption of any other 60,000,000 of our population.

They buy not alone for their personal needs, but for the equipment and manage...nt of 6,459,000 farms.

This home market has been paralyzed during the past few months because of the ...r price of farm produce, and it is that paralysis that has closed the factories of the ...ntry.

Had farmers received for their labor and products of the farm the seven or eight ...lions of dollars shrinkage suffered in a single year all the business would have been ...rmal.

The economic circle would not have been broken. Seven billion dollars of money ...es our banks $50,000,000,000 resources and unnumbered billions of clearances. ...f, through a low tariff upon farm products, this home market shall be destroyed ...eriously weakened, no foreign market can ever take its place.

EUROPEAN TRADE.

The low wages paid in the former manufacturing countries of Europe will for many ...s prove almost prohibitive competition to American manufacturers in their re...tive countries. If we shall be successful in protecting our own people against ...ir competition in the United States we will have done much for the laboring men ...America, whether such labor be in the factory or upon the farm.

SOUTH AMERICA.

...s farmers we have heard the plea for the South American trade and that of other ...thern Hemisphere countries. But with that plea we hear the corollary, that if we ...l to them we must buy of them. That the ship that carries our manufactured goods ...them must be loaded with their goods for sale to us upon its return.

...s farmers, we are asking "with what commodities are such ships to be loaded?" ...at have they to sell but just such food and farm stuff as that produced by our ...erican farmers?

We are not numerously in Washington, the Nation's market place, at this time, ...ause we can not afford the expense; but we are intensely interested in our fate. ...have confidence that the Congress and its committees will accord to us fair treat...nt, but we have no confidence in those who would sell us to the Egyptians. We ...not be fooled by the voice of Jacob and the hand of Esau, nor do we believe that ...gress can thus be deceived.

THE DAIRY BUSINESS IN JEOPARDY.

...shall not enter the special fields to be covered by experts in various branches of ...dairy industry. We are just coming to know the value to the human family that ...k as a food has proven to be. The people I represent furnish one-fifth of the food ...ply of the Nation and the most essential food that is known. We are to-day pro...ing more than 45,000,000,000 quarts of milk per year and receiving for it an average ...ss than 3 cents per quart.

We do not array ourselves against good wages for labor anywhere, but we do want ...have our condition as dairymen known. If the farmers were to drive their cows ...the doors of our laboring men in other callings, offering them all the milk the cows ...duce for the mere act of milking the same, they would not perform that labor at ...prices received by the farmer. The milking of the cows is but one-fifth the cost ...the farmer of the milk the cows produce.

Time does not permit a discussion of all the bearings the tariff offers to a relief of ...ry farmers at the present time. But we do ask a duty upon milk and milk prod...s; and a duty upon vegetable and other cheap oils and fats now being made into

so-called substitutes for milk products high enough to protect our honest dairymen in their most essential field of toil, such as will be presented by our member organizations who follow.

LETTER AND RESOLUTION OF THE COOS COUNTY FARM BUREAU.

LANCASTER, N. H., *November 16, 192*[illegible]

NEW ENGLAND DAIRY TARIFF COMMITTEE,
Boston, Mass.

GENTLEMEN: In presenting the brief opposing the present tariff provisions on butter, cream, and milk to the members of the Coos County Farm Bureau, assembled in annual session, November 14, 1921, at the courthouse, Lancaster, N. H., the proposition aroused the interest of several dairymen, former residents of Canada. Coos County is located along the Canadian border, and, consequently, the influence of importations of milk, cream, and butter from Canada is felt from personal knowledge and observation. Combined with this fact, several farmers at the present time in the county are recent immigrants from Canada. These men have a definite knowledge of the American and Canadian conditions relative to producing and marketing milk and milk products. After introducing the brief to the meeting a recent Canadian resident took the floor and made the statement that 3½ cents a gallon on milk with proportional tariff regulations on other dairy products was not sufficient to check the importation of this product, nor was it sufficient to place the New England, and particularly the Coos County dairyman, on an equal basis with his neighbor in the dairy business in Canada. He further stated that from his knowledge of both countries 5 cents would be a meager sum in bringing about this equality, and it was through modesty that he asked for 5 cents. All felt it should be even more. His sentiment in the matter was more or less the prevailing one among Coos County producers that had recently come from Canada, and this fact influenced in a large measure the attitude which the committee on resolutions have taken in presenting the resolution which was finally adopted.

Am submitting this in connection with the resolution as a guide, and the reason why the resolution committee acted as they did in this matter.

Very truly, yours,

GEORGE H. NEVERS.
Farm Bureau Pres[illegible]

RESOLUTION.

The following is the resolution drawn up by the committee on resolutions at the Coos County Farm Bureau annual meeting, held November 14, 1921:

"*Be it resolved,* That it is the opinion of the Coos County Farm Bureau that the proposed tariff on dairy products, based on 3½ cents per gallon on whole milk is entirely inadequate to properly protect the dairy industry of Coos County.

"We recommend a tariff rate of at least 5 cents per gallon on whole milk, with other dairy products in proportion.

"*Be it resolved,* That a notice of this action be forwarded to our Congressmen and United States Senators at Washington, with the request that they not only support it by their vote, but that they use their influence in all ways to bring about its enactment as a part of the tariff legislation now pending."

STATEMENT OF GEORGE N. PUTNAM, PRESIDENT NEW HAMPSHIRE STATE FARM BUREAU FEDERATION, CONCORD, N. H.

Mr. PUTNAM. I represent the New Hampshire State Farm Bureau Federation, and also I desire to appear as a representative dairyman from New Hampshire, having been engaged in the dairy business all my life and am engaged in it at the present time.

I want to call briefly to the attention of your committee the conditions of the farm people and farming conditions of New England. I think the New England farmers are more largely engaged in dairying than in any other single line of agricultural pursuits, and the prosperity of New England agriculture depends very largely on the

rosperity of the dairy farmer. Dairy products are the one class of gricultural products which is produced in New England in large uantity to practically feed our people, and I want to call your ttention to a few things in connection with our farmers. I want to uote from the Fourteenth Census, which shows the figures consely. I will try to be as brief as possible and give you summaries ather than the situation from each State. I want to speak parcularly for New England as a whole, and also for my own State. he census shows this: That from 1910 to 1920 the number of farms ecreased materially in each New England State—in all New England from 188,802 to 156,564, or a decrease of 17 per cent as a whole. might be said by some that this decrease meant the combining of e smaller farms, but it is not true, as the figures show, because ong with the 17 per cent decrease of the number of farms in New ngland comes a decrease of 15.7 per cent in the cultivated acres.

In comparison with 1890 to 1900, which were normal times, the crease was only 1.6 per cent for that entire period; while from 1910 1920 it was 17 per cent. For instance, Maine's farms decreased 6 per cent; New Hampshire, 13.2 per cent; Vermont, 11.2 per cent; assachusetts, 11.5 per cent.

Senator WATSON. That means cultivated farms?

Mr. PUTNAM. Answering that, it means in actual farms as reported the census. For Rhode Island it was 12.9, and Connecticut 11.8 r cent.

Senator JONES. Have the farmers all gotten rich and gone into the y to enjoy their incomes?

Mr. PUTNAM. No, sir. You will find this in regard to the condins on the farms, and to my mind it is one of the reasons for the crease in the farms; in fact I know it to be true, because I have lived the farm on which I now live all my life. I was born there. When e boys grew up, other opportunities along other lines showed eater advantages to them, and they have simply left the farm and ne to the town, and as a result there are many instances in New gland along the roads for miles where the average age of the rmer is away above 50 years. I could cite an instance along a road New Hampshire on which I drove a few months ago, in a county me distance from my own, a distance of 2 miles there were just o farmers under 50 years of age.

Not only that, but farm after farm was unoccupied.

Senator WATSON. Has farming decreased but dairying increased?

Mr. PUTNAM. I think you will find this: That from 1909 to 1919, ile the production of milk in the country as a whole increased 18 r cent, in New England it decreased 2 per cent.

I want to call attention to statements showing the mortgaged ndition of the farms in the last 10 years. From 1910 to 1920 the rm mortgages in the State of Maine increased 58.4 per cent; in New mpshire they increased 42.9 per cent; in Vermont 89.6 per cent; in ssachusetts 42.8 per cent; in Rhode Island 10.2 per cent; in nnecticut 50.6 per cent.

I want to call your attention to the farms that were mortgaged in 90 to 1900, 1910 and 1920: In New Hampshire in 1890, 21.8 per nt of farms were mortgaged as reported; in 1900, 2.5 per cent; in 10, 25.6 per cent, and in 1920, 31 per cent; in Maine 22.1 per cent in

1890, 26.7 per cent in 1900, 26.8 per cent in 1910, and 29.8 per cent in 1920.

I am going to file this statement, as it applies to every New England State. In all New England States the number of farms that have been mortgaged have increased continually since 1890. While there was no large increase from 1890 to 1900 up to 1910, yet there has been a decided increase in the number of farms mortgaged in 1910.

Senator WATSON. Mr. Putnam, we are more or less familiar with those statistics. Could you come along to the dairy interests?

Senator SMOOT. Your general idea is that for years in this country the farmers have had the worst of the situation?

Mr. PUTNAM. For years; and for the last period of years in New England we have never faced such as we have faced in the past two years.

Senator WATSON. We are perfectly familiar with those conditions throughout the country. If you can tell us why the rates on dairy products in the Fordney bill are not satisfactory, if they are not, that is what we are interested in.

Mr. PUTNAM. If you would allow me, I would just like to mention one point in connection with the decline in the number of farms and also the number of families, because some people may raise the question that the farms abandoned in New England are the farms that are situated back from the markets and which are not desirably placed properties on which to live. I want to mention one instance which is in my own town. The neighborhood of which I speak is within 6 miles of the statehouse at Concord, within 2 miles of a State road, and all these farms can reach stores and post offices and churches inside of 2 to 3 miles, and some of them within a mile; and years ago, perhaps 25 or 30 years ago, there were on these 13 farms which I speak of, right in one neighborhood, on one New Hampshire hill, where there is as good soil as there is in the State of New Hampshire, 200 head of live stock kept, there are now 50 head. There were 65 people living on those farms, and there are now 12. Of the 13 farms there are 2 upon which live stock is kept, and there are now 6 children in that neighborhood, while, as I remember, years ago there were over 20 children, and a school was run there which is now abandoned.

I mention that just to bring out that one point that the abandonment of farms is not confined to those that are far back, but to those as well which are located, you might say, near to the markets. The reason the farms are being abandoned is because farming as a business is not as profitable as other lines of business have been, and when the boys grew up they left these farms and went to town and into some other line of work for better wages.

Senator JONES. So that now the farmer in your section of the country under 50 years of age is a curiosity?

Mr. PUTNAM. I would not quite state that, but I will say that the percentage of farmers who are under 50 years of age has decreased very, very materially in the past 10 years. There is no question about it, and it is getting more and more that way.

Senator WATSON. Is it your theory, those conditions being equal, that farming in New England is not as profitable as it was 25 years ago?

Mr. PUTNAM. Dairy farming is not under present conditions. A few men engaged in the fruit industry for the past few years have been successful, because they have got good markets. But the dairy farmer, who is the man who stays there 365 days in the year—and I speak personally from my own experience, because I was born on he farm I am now on, and I say frankly to you gentlemen that the ast three or four years have been the most unprofitable years, and t was unprofitable because dairy cows have been unprofitable.

Senator JONES. State your age.

Mr. PUTNAM. I was born in 1864.

Senator WATSON. It would seem with the constantly decreasing umber of farms and farmers and with the constantly increasing emand because of the increase of population in cities that prices ould be enhanced.

Mr. PUTNAM. Yes; it is true. But competition coming from the utside has to an extent flooded the markets.

Senator WATSON. That is the very feature we want to get at.

Mr. PUTNAM. I will cover that right here.

Senator SUTHERLAND. Have not the younger people gone to Canada farm, where land is cheap?

Mr. PUTNAM. No, sir. Very few of our people have gone out of ew England. They have gone into certain lines of industry in New ngland which have afforded them a better wage. For instance, I d a herdsman who had been with me 10 years, and a machine shop my own town offered him better wages. He was not a machinist any sense of the word; he never had done any work at all excepting the farm. He worked on the farm all his life, a man 50 years old. e is now working in the machine shop because he gets more money an I can pay him.

Senator SUTHERLAND. Is it not a union shop?

Mr. PUTNAM. No, sir. They are paying probably the union wages. hould judge so.

It is true that the dairy business in Canada has increased very terially and the imports into this country from Canada have reased very materially. In 1913 there were 35,000 pounds of tter brought in from Canada into the United States, while in 1920 ere were 9,000,000 pounds brought in.

Of cream in 1913 there were 800,000 gallons brought in, while in 20 there were 1,300,000 gallons brought in.

Of milk there were 8,000 gallons brought in in 1913, and 1,500,000 llons brought in in 1920. So we living near the dairy sections of nada to-day have had to meet that competition.

Senator McLEAN. What do you get for milk now?

Mr. PUTNAM. Depending on where it goes, into the market—I can e you some figures a little later that will give you some enlightennt on that.

Our business has not been unprofitable because we have sold off r cows down to the point where the overhead does not compare the volume of business we do. The statistics show that the numr of dairy cows in all New England has varied very little between 10 and 1920. There were 841,698 cows in New England kept for lk in 1910, and 842,928 dairy cows over 2 years of age in 1920.

Senator SUTHERLAND. While our population has increased?

Mr. PUTNAM. Our population has increased quite materially.

Senator SUTHERLAND. So the number of cows per thousand popu-lation would be somewhat less?

Mr. PUTNAM. Yes; certainly. I have a chart here that shows som of these things. In my own State of New Hampshire the tota population in 1910 was 430,572, of which 256,439 were urban an 174,133 were country population—the country population includ all people living outside incorporated places—while in 1920 of 443 people, an increase of something like 11,000 over 1910, 284,0 were urban, as compared with 256,000 10 years ago, and 159,000 we country people, compared with 174,000.

I want to bring to your attention just one sheet, which to my min illustrates very clearly the reason why New Hampshire farms a being deserted or abandoned at the present time and have bee while the number of people engaged in farming has decreased mate rially. This sheet is the result that we found by a survey tak on 12 herds distributed over different sections of New Hampshi taken under the direction of the farm management representati of the State college, who was a State and Federal employee, going these farms and taking the survey with the farmer, and the farm keeping accurate accounts for years, these accounts being check up monthly by the representative of the college—and it shows—I give you the summaries. It shows in cost $3.87 a hundred to prod milk on those farms and deliver it to the station where the party s the milk. The standard market price in the tenth zone, which comparable to these figures for milk shipped to the Boston mar during this same period, which was from the beginning of April, 19 to the end of March, 1921, was $3.25 a hundred. That is what t farmers actually received who shipped their milk to the large c tractors in Boston, delivered at their station.

Senator McLEAN. Per quart?

Mr. PUTNAM. Per hundred pounds—$3.25 as compared with p duction cost of $3.87.

Senator WATSON. That is to say, he lost money?

Mr. PUTNAM. He lost 62 cents on every hundred pounds.

Senator SUTHERLAND. How many gallons are there in a hun pounds?

Mr. PUTNAM. A quart of milk weighs practically 2.15 pounds.

Senator WATSON. There are 46½ quarts to a hundred pounds?

Mr. PUTNAM. These cows produced 6,387 pounds of milk. I were exceptionally good herds. They were herds where a man been keeping records for years and improving and using those rec upon which to improve the herds. Therefore, the milk, 6,387 pou is at least 1,387 pounds above the average for the State and prob even more than that. So they were as profitable herds, taking i from a production standpoint, as we could expect to find, and w much better than the average. The loss upon each cow figure cents a hundred, for the milk produced was $39.60 per cow; the la cost, 254 hours, at 40 cents per hour, or $1.02 to produce 100 pou of milk, and figuring the hours that the man put in, and taking the loss here, the man who owned these cows got 16 cents an h for this labor by paying the hired men 40.

There is the reason why people are leaving the farms in New Engd. It is because the price received for their product does not give m the same wage they can get elsewhere; it does not even give wage paid the farm hands whom they are hiring on the farm. I e hired five men regularly, three married men and two single men, l I have not a man working for me—and I speak from actual perience—but what has drawn nearly double the wage I have in past three years. I may say in years back, from 1900 to 1910, I e never seen a time but what I could get a living in the dairy iness. But I tell you, gentlemen, it has been impossible to do it the past few years, in doing a volume of business that requires employment of men. If the small farmer with 8 or 10 cows in a all place is willing to work as those men did per small wage, sing some of the needs of life on his farm, he can, as we express it, et by." But as a business proposition, dairy farming in New gland has not proved for the past few years profitable and is not fitable at the present time, and unless something can be done to t that business on a basis to give reasonable life and compensation the men who have got their money invested in it, we can not expect hold the number of men on the farms that we have now, and instead it decrease will continue. It must be so, because people have got live, and with the increased tax burdens and burdens all along the e it is impossible. Man after man is closing out all the cows he has, d this year he is closing them out at 50 per cent, and even less an 50 per cent, of the price they are valued at in the census report ken a year ago.

We have got over $1,000,000,000 invested in agriculture in New gland. You will hear people say, as it was put up to our repreatative who came out to meet one of the departments of the Govament for the purpose of getting some money to take back into w England to help finance their business there, "We do not look on New England as an agricultural section."

Senator WATSON. Mr. Putnam, what does it cost the Canadian rmer, on the average, to produce 100 pounds?

Mr. PUTNAM. Those figures will be submitted by a witness who llows me.

Senator WATSON. Can you tell me whether it costs more or less?

Mr. PUTNAM. It costs less materially, and we are here asking, and l we ask. a duty on dairy products that will put us on an equality our markets with the Canadian producers.

Senator WATSON. How much is that?

Mr. PUTNAM. Speaking from a dairy standpoint, I could figure it cents a pound, and a duty that is comparable to that on milk, eam, and other products.

Senator WATSON. If your figures are correct—and I have no doubt ey are—2 cents a gallon would not be protective to you at all.

Mr. PUTNAM. We are not asking for that. We are asking for mething that will put us on an equal footing so we can hold for the ew England dairy farmer the dairy market.

I want you gentlemen to get this point in closing: That there is me agricultural business in New England; that we have 1,000,000,000 invested; that dairying is the largest industry we ave; and that the prosperity of New England agriculture depends n the prosperity very largely of the dairy farmer.

Senator SUTHERLAND. You are asking for 10 cents a pound?

Mr. PUTNAM. On butter, and a comparable basis on milk, cream and other products, figuring it out on the butter-fat content.

(The tables referred to are as follows:)

Decrease in number of farms, 1910 to 1920.

[Fourteenth United States Census.]

	Number of farms. 1910	Number of farms. 1920	Decrease.
Maine	60,016	48,227	11,789
New Hampshire	27,053	20,523	6,530
Vermont	32,709	29,075	3,634
Massachusetts	36,917	32,001	4,916
Rhode Island	5,292	4,083	1,209
Connecticut	26,815	22,655	4,160
Total	188,802	156,564	32,238

Number of farms, 1890 and 1900.

[Fourteenth United States Census.]

	1890	1900
Maine	57,391	53,496
New Hampshire	25,969	25,370
Vermont	26,835	27,252
Massachusetts	29,370	31,58[illegible]
Rhode Island	4,125	4,229
Connecticut	22,669	21,756
Total	166,359	163,690

Decrease in improved land in farms, 1910 to 1920.

	1910	1920		1910
	Acres.	*Acres.*		*Acres.*
Maine	2,360,657	1,977,329	Rhode Island	187,344
New Hampshire	929,185	702,902	Connecticut	988,252
Vermont	1,633,965	1,691,595		
Massachusetts	1,164,501	908,834	Total	7,254,984

Total decrease, 15.7 per cent.

Increase in mortgage debt in New England, 1910 to 1920.

[Fourteenth United States Census.]

	1910	1920
Maine	$11,738,529	$18,592,215
New Hampshire	4,773,610	6,820,531
Vermont	12,436,091	23,573,7[illegible]
Massachusetts	16,371,484	23,412,1[illegible]
Rhode Island	1,356,326	1,494,3[illegible]
Connecticut	11,859,468	17,950,94[illegible]
Total	58,535,508	91,736,04[illegible]

Percentage of farm mortgages, 1890 to 1900 and 1910 to 1920.

[Fourteenth United States Census.]

	1890	1900	1910	1920		1890	1900	1910	1920
Hampshire	21.8	25.5	25.6	31.0	Massachusetts	30.5	38.6	40.9	47.3
ne	22.1	26.7	26.6	29.8	Rhode Island	19.1	27.1	29.6	32.5
mont	44.3	46.9	46.9	50.2	Connecticut	31.1	40.7	43.2	48.2

rease in country population and increase in urban population of New Hampshire, 1910–1920.

[Fourteenth United States Census.]

Year.	Total population.	Urban.	Country.
	430,572	256,439	174,133
	443,083	284,031	159,052

"Country population" includes all people living outside incorporated places. Estimated from census rts.

Number of dairy cows, 1910–1920.

[Fourteenth United States census.]

	1910	1920		1910	1920
ıe	156,819	175,425	Rhode Island	23,329	21,431
Hampshire	101,287	95,997	Connecticut	122,853	112,622
nt	265,483	290,122			
chusetts	171,936	147,331	Total	841,698	842,928

Cost of production per 100 pounds of milk (Apr. 1, 1920, to Apr. 1, 1921).

mber of herds		12
mber of cows		196.5
d costs: Grain, 27.6 pounds; silage, 67.3 pounds; hay, 76 pounds		$2.19
or costs: 2.54 hours, at 40 cents per hour		1.02
rhead	$1.07	
credits (value of manure and calves)	.41	
		.66
Total costs		3.87
e received per hundredweight, shipping station, same year		3.25
Loss per 100 pounds		.62
s per cow, 6,387 pounds per cow, at 62 cents 100 pounds		39.60
e paid per hour of labor to producer		.16

ATEMENT OF JOHN A. NESS, PRESIDENT MAINE DAIRYMEN'S ASSOCIATION, AUBURN, ME.

Mr. NESS. My name is John A. Ness; my residence, Auburn, Me.

Senator WATSON. What is your business?

Mr. NESS. Farming. Mr. Chairman and gentlemen, I have the nor to represent the dairy interests of the State of Maine here this committee. In our appeal in support of the New England iry Tariff Committee, asking a higher tariff on our dairy prod-

ucts, so that we can get a better living out of our industry. I will present to you actual figures, as taken from 17 different herds, giving the production and receipts for the product as received by these 17 different dairy farms. They are taken from various sections, from 9 of the different counties out of 16, so that we would get the average condition and not isolated condition. Of course, the reason why we are not giving figures from some other counties, for instance, Aroostook, is because it is a potato section. But we have a relative comparison with the different counties that are more or less dairy counties.

A general statement of the whole matter to show you how these figures were gotten might interest you. A survey was made to determine the cost of pasturage, an inventory of the herd, buildings and equipment was taken at the beginning of each account. Credit has been given for whole milk used on the farm at the same rate as milk sold; skim milk used on the farm credited; and credit given for manure and other things at uniform rates per cow per year on the basis of the number of cows in the herd. The use of buildings was secured by figuring 10 per cent of the value to cover interest, taxes and depreciation; the use of equipment was also secured. Hay was charged at the actual market value, the farmer's own time at replacement cost of the hired help, not at what the farmer ought to get as owner and on investment as well as his time put in. The depreciation of cows was secured by adding to the value of cows on June 1, 1920, the value of all cows and heifers which freshened during the year and from that total deducting the value of the cows on hand May 31, 1921.

In the matter of feed, hay, silage, grain, and other things entering into the production of milk it was $117.08. The human labor was set at $50.87. Other costs, such as interest, taxes, insurance, depreciation on cows, use of fields, use of equipment, hauling milk, and horse labor, were $71.04, making a total cost per cow of $238.99. The total credits per cow other than milk amounts to $29.50, the cost of milk per cow $209.49, making a net loss per cow of $38.21.

Senator JONES. You say that that includes the depreciation. Do you mean that you took into consideration the difference in the market price or value of those cows?

Mr. NESS. Yes, sir; the exact conditions from June 1, 1920, when an inventory was taken at the exact price at that date.

Senator JONES. How much was that depreciation owing to the reduced value of the cattle?

Mr. NESS. Up to May 31—I could not say exactly, though not as much as it would be to-day. But detailed figures are at hand and will be given by some of the speakers showing exact figures.

Senator JONES. If some one else is going to give it, very well. But I think that is a very important factor. I think some cows have depreciated that much in price, just for a single cow, and more.

Mr. NESS. The cows certainly have depreciated in price.

Senator JONES. There is no question about it, and I think the depreciation probably between those two dates in the value of the cows is as much as the total loss per annum that you figure there.

Mr. NESS. The depreciation as given by those figures, $19.37 per cow, would mean that that is just about half the depreciation and not the total.

The cost per hundredweight of milk is $3.76; received per hundredweight for this milk, $3.08. The average return per hour labor

e farmer gives simply 8 cents, or a little better, showing that, of urse, there is considerable loss and has been in past years, in support of the contention of the New England Tariff Committee in the ll as presented by them.

The point I would like you specially to note is the cost of milk per undredweight, and this cost is a little better, or a little less than the erage would be for the whole State, because of the production of ilk. The production per cow as given here for these 17 different rds is 5,566 pounds of milk. The average for New England is 000 pounds or less.

The point I wish to bring out is the fact that there was a loss here $38.21 per cow, and the farmer only received for his labor 8.8 nts per hour spent in taking care of his cows.

MMARY OF THE COST OF MILK PRODUCTION ON 17 MAINE FARMS FOR THE YEAR ENDING MAY 31, 1921.

[Compiled by M. D. Jones, farm management demonstrator.]

GENERAL STATEMENT.

The data given in the following tables were computed from monthly reports furshed by 17 farmers. A survey was made to determine cost of pasture and bull rvice on each farm. An inventory of the herd, buildings, and equipment was taken the beginning of each account. Credit has been given for whole milk used on the rm at the same rate as that received for milk sold. Skim milk used on the farm was edited at 30 cents per hundred. The credit for manure was made at a uniform rate $20 per cow per year on the basis of the number of cows in the herd each month. se of buildings was secured by figuring 10 per cent of the value to cover interest, xes, and depreciation. Use of equipment was secured by figuring 15 per cent on the lue to cover interest and depreciation.

Hay has been charged at market value at the farm; labor at cost, or in case of the rmer's own time at replacement cost; grain and other items of cash expense have en charged at cost. Depreciation on cows was secured by adding to the value of ws on hand June 1, 1920, the value of all cows purchased and heifers which freshened uring the year, and from this total deducting the value of cows on hand May 31, 921, plus the value of cows sold and slaughtered.

According to these records, the average cow lacked $38.21 of paying expenses. n other words, the average farmer received 8.8 cents per hour for his time while orking on dairy cows.

Cost of production.

[17 herds; 180 cows.]

Per cow basis:		
Feed—		
Grain, 1,893 pounds	$53.55	
Hay, 3,180 pounds	33.33	
Silage, 4,021 pounds	15.89	
Green feed, 1,071 pounds	3.81	
Corn stover, 357 pounds	1.14	
Other feeds, 200 pounds	.82	
Pasture	8.54	
Total cost of feed per cow		$117.08
Labor—Human labor per cow, 144 hours		50.87
Other costs—		
Interest, taxes, and insurance on cows	7.08	
Depreciation on cows	19.37	
Use of buildings	17.29	
Use of equipment	3.34	
Bull service	3.86	
Ice	3.22	
Hauling milk	11.40	
Horse labor, bedding, and miscellaneous	5.48	
Total other costs per cow		71.04
Total cost		238.99

Per cow basis—Continued.		
Credits (other than milk)—		
Manure	$19.93	
Calves and calf hides	8.70	
Feed bags and miscellaneous	.87	
Total credits per cow		$29.[illegible]
Net cost of milk per cow		209.[illegible]
Milk production, 5,566 pounds, value		171.[illegible]
Net loss per cow		38.[illegible]
Cost of milk per hundredweight		3.[illegible]
Received for milk per hundredweight		3.[illegible]
Cost of milk per quart		.0[illegible]
Received for milk per quart		.0[illegible]
Average return per hour for labor used		.0[illegible]
Total for 17 herds:		
Feed—		
Grain, 340,703 pounds	9,638.94	
Hay, 572,346 pounds	5,999.56	
Silage, 723,715 pounds	2,859.72	
Green feed, 192,790 pounds	686.31	
Corn stover, 64,198 pounds	206.22	
Other feeds, 35,912 pounds	146.73	
Pasture	1,538.14	
Total cost of feed for 17 herds		21,075.[illegible]
Labor—Human labor for 17 herds, 25,991 hours		9,156.[illegible]
Other costs—		
Interest, taxes, and insurance on cows	1,273.76	
Depreciation on cows	3,487.00	
Use of buildings	3,112.70	
Use of equipment	602.07	
Bull service	695.18	
Ice	579.89	
Hauling milk	2,051.61	
Horse labor, bedding, and miscellaneous	987.02	
Total other costs for 17 herds		12,789.[illegible]
Total cost		43,0[illegible]1.[illegible]
Credits (other than milk)—		
Manure	3,588.00	
Calves and calf hides	1,565.76	
Feed bags and miscellaneous	157.08	
Total credits for 17 herds		5,310.[illegible]
Net cost of milk for 17 herds		37,710.[illegible]
Milk—Production, 1,001,899 pounds, value		30,83[illegible].[illegible]
Net loss for 17 herds		6,87[illegible].[illegible]
Cost of milk per hundredweight		3.7[illegible]
Received for milk per hundredweight		3.0[illegible]
Cost of milk per quart		[illegible]
Received for milk per quart		[illegible]

I have a letter here from one of the largest dairy systems in New England, the Turner Centre System, and they are also in favor of the

ariff as supported by the New England Tariff Committee. If it is our pleasure I will read that letter. [Reading:]

CHARLESTOWN, MASS., *November 12, 1921.*

he NEW ENGLAND DAIRY TARIFF COMMITTEE,
Boston, Mass.

GENTLEMEN: As a strictly cooperative dairying concern representing 4,000 proicers of milk and cream in Maine and New Hampshire, we desire to go on record commending a new tariff that equalizes the rates on milk and cream with the rates i butter. Our association is chiefly concerned in the marketing of New England oducts, which under the present tariff is hard to do profitably. There is ample pply of milk and cream in New England to assure the public of a sufficient supply these products without the Canadian shipments.

When you realize that 1 gallon of 40 per cent cream carries a tariff rate of only 10 nts while a pound of butter carries 8 cents, you can readily see the injustice our oducers are suffering. One gallon of this cream will make 4 pounds of butter, nce the rate for cream on a comparative basis should be four times as much, or cents per gallon.

Our entire interest in this matter is to secure more money for the New England oducers of dairy products. By placing a duty as recommended on the foreign pply our producers would be able to market a greater amount of product. This uld mean better returns to New England producers without added cost to the nsuming public. Hoping you may be able to assist us in this matter, we are,

Very truly, yours,

WESTON B. HASKELL.

Mr. NESS. In support of our plea for a higher tariff I would like to bstantiate what Mr. Putnam said in reference to the age of the rmer on our New England farms, and that is this: The dissatisfied ung farmer who was ready to leave his farm has left his farm because ht around us we have manufacturing industries that are paying ges which we can not pay on the farms.

Senator WATSON. Does the desire of the young man to live in the y and enjoy the society in general of city life and see the bright hts have something to do with it?

Mr. NESS. The young fellow who has not got to the age of seriouss of life, yes. But it is the income consideration, that he could not e as he would like to live on the farm and have the enjoyments at a man ought to have to lead an honorable life.

Senator JONES. One of those advantages, so called, of the cities is led to the wage and considered a part of his wage; it is a part of inducement for him to go into the cities?

Mr. NESS. Yes; but primarily it is the wage.

Senator WATSON. You think primarily it is the wage?

Mr. NESS. Absolutely, I think so.

Senator SUTHERLAND. That the schooling facilities have something do with it?

Mr. NESS. The schooling facilities are taken care of in my own ghborhood. The children of the rural schools are taken into the es and larger towns in conveyances. The school advantages are y fair. I will not make any comment here on that score.

Once the young man gets away from the farm, with the high wages l those inducements you speak of, with society life, where it costs ttle more money to live, and after he is once taken away it is rder to get him back.

STATEMENT OF JAMES A. LEACH, PAWLET, VT.

Senator WATSON. Give your name and residence.

Mr. LEACH. James A. Leach, Pawlet, Vt. I am the owner of a ry having 43 cows and am president of the Bennington County

Farm Bureau Association. I am glad to know that the whole committee are going to be possessed of the facts that we bring. I am also glad that, as a citizen of Vermont and a farmer who is largely interested in the price and the markets of dairy products, I can come personally and add my bit of testimony and experience.

I thought it might be helpful to you gentlemen if you had my personal statement of my own experience on the farm from July, 1920 to July, 1921. I will not go into detail at all, but I just want to explain to you that I have 43 cows valued at $100 apiece. I placed the valuation where I thought the valuation of a good-grade cow should be placed. That does not represent the value of those cows, because a good many of them are pure breds and are worth considerable more money.

Senator WATSON. Are they Jerseys?

Mr. LEACH. Holsteins. Also, in the matter of depreciation on the dairy machinery and equipment and the cattle I have placed a figure of 10 per cent. That is a very small depreciation. I tried to be perfectly fair with my herd in this matter. I do not want to overdraw any of these statements. I am sure Senator Dillingham, who is familiar with this matter, will tell you that these are conservative figures.

Senator WATSON. How many cows have you?

Mr. LEACH. Forty-three.

Senator WATSON. How long have you been in business?

Mr. LEACH. Fifteen years. The earlier part of my life I spent in merchandising in Nebraska and losing my health and coming back on the farm, which accounts for my gray hairs when I have only been 15 years engaged in farming.

There is one other item which I would like to speak of which puzzles some people. It probably does not puzzle you. That is how we dairymen manage to keep on living and doing business and losing money all the time. If you will look this through you will see that I raised 110 tons of hay worth $20 a ton in the barn. I placed the valuation on it in the barn, which is just what my produce would have sold for at the barn. That is what I charged the dairy. I also had 220 tons of ensilage at $5.50 per ton. Then I also raised quite a good lot of dairy feed, which I valued at the same figure that I had to pay for what I purchased. I will submit this statement. If there are any questions that you would like to ask I shall be very glad to answer them.

Senator WATSON. Let the statement go into the record.

Receipts and expenditures in connection with dairy herd, July, 1920, to July, 1921.

RECEIPTS.

Sale of milk	$6,[illegible]
Milk fed to 10 calves	[illegible]
Milk used in the home	[illegible]
30 calves, at $3 each	[illegible]
10 pure-bred calves, at $15 each	[illegible]
300 loads of fertilizer, at $3 each	[illegible]
Total receipts	[illegible]

EXPENDITURES.

00 acres of pasture land	$6,000.00	
3 cows	4,300.00	
bull	250.00	
airy machinery and equipment	750.00	
	11,300.00	
nterest on $11,300 at 6 per cent		$678.00
oss and depreciation:		
Pasture land, 5 per cent		300.00
Stock and machinery ($5,300), 10 per cent		530.00
Insurance and taxes		172.43
Labor		1,220.00
Supervision, 10 per cent ($7,898.26, receipts)		789.83
eed		
110 tons hay, at $20 per ton		2,200.00
220 tons ensilage, at $5.50 per ton		1,210.00
Dairy feed		2,804.59
Total expenditures		9,904.85

Mr. LEACH. In a general way I would like to tell you what has ome to me through my experience in the milk business.

Senator WATSON. Suppose you had no Canadian competition?

Mr. LEACH. We would have much more room for our surplus milk. hat is what is troubling us.

Senator WATSON. You think that your trouble arises from Canaian competition in your industry?

Mr. LEACH. Very largely. The Danish butter that came into oston quite seriously affected the price several times last spring, nd, of course, replaced some of our product. Canada and Denark seem to be the source of our troubles.

During the period of time that I have been a milk producer and een familiar with the Boston market I have seen the supply of the oston market furnished from more and more distant points. That the supply has receded. Very soon after I began to produce milk e Boston dealers were coming into my territory, 200 miles from oston, and buying milk. They went farther and farther away, ntil finally they got back into the 12th zone, as we call it up there, St. Albans and up at Newport, Vt.; and in more recent years ey have crossed the border and gotten into Canada.

What is the reason that the farmers object to their buying milk in anada?

Senator WATSON. Let me ask you, before you start on that: Do ou know how far north of the border they go in buying milk for the oston market?

Mr. LEACH. The Hood Co., with whose business I am more or less miliar, being a member of their surplus committee, the Vermont ember, buys milk only from such a distance across the border as ey can transport by teams over to their stations, but they go back uite far for cream. I am not positive, but I have been informed at milk comes in for some of the other Boston dealers from across e line—the Plymouth Creamery Co., for instance. They get it om quite a distance over the line. I know that cream comes in for e Hood Co. from quite a distance.

Senator WATSON. Do they go over there to buy it because they can buy it more cheaply than they can buy it from the New England producers?

Mr. LEACH. Yes, sir.

Senator WATSON. How much more cheaply can they buy it, on the average, than they can buy it from you?

Mr. LEACH. If you will pardon me, we have those facts all in black and white and they will be given to you exactly as they are.

We hear a good deal about abandoned farms in New England, and especially in Vermont, and we are likely to think that those farms ought not to have been settled in the first place, unless we know something about it first hand. I can tell you from positive knowledge that many of those farms ought to be producing at the present time and would be if the markets were right. What has happened? They are growing up to brush and growing less and less in value. Take, for instance, the town of Andover, which is a mountain town with Chester as its station. The taxes in that town are 4½ per cent. A gentleman who was telling me about it said that there are very few occupied farms. I was riding with him, and the roads are miserable. I said, "It seems to me that with 4½ per cent taxation you ought to have better roads." He said, "There are so few of us to raise the money. The revenue is so small."

That is what is happening to those towns because of taking the market away from them and giving it to Canada and Denmark. Then, of course, along with that, comes the decrease in population. Our boys leave the farms and go to the cities, as Mr. Putnam has told you. They do not all go to the New England cities or the Vermont cities. Vermont is peculiar in this particular. I only want to call your attention to that. Vermont has not any large cities that offer the attractions that New Hampshire and Maine cities offer, so that our boys are likely to go to Boston or New York and out of our State. That is a serious problem with us in Vermont.

I have raised four boys and I gave them good farmer's advice. I raised them on the farm, and one of them is staying with me on the farm, and, of the other three, two of them are already in cities and one of them plans to go. That is just an illustration of my own. My neighbors are having the same experience.

There is another reason why we should keep our market within our own borders. That is that it is impossible for us to have proper supervision. We can not have any supervision, in fact, can not enforce any supervision in Canada in regard to the surroundings in which the milk is produced; and we find, by a survey that we have made this past season, that in Canada, as compared with New England, their facilities are very crude indeed. They have not ice houses or cooling plants. We call them milk houses, with plenty of cool water to cool the milk immediately after it is drawn from the cows. They have not those facilities there. There is no way of insisting on that or putting over any proper supervision up in Canada such as there is in our own country. Therefore the cream and the milk that come from Canada can not be as well prepared for the market

They have not the facilities to do that. Our cream and milk go in properly cooled and in a satisfactory and merchantable condition.

What are the conditions in Canada for market production? That is, what do we have to compete with in New England because of the lesser price in Canada? Canada can produce milk more cheaply, for one reason, because of its less careful production, less expense in providing ice houses and in cooling the product and taking care of it. That is quite a material item in the expense of producing milk. The mothers and the daughters and the children of the farm home in Canada are experts in the care of cattle and in milking. They assist very materially in the care of the dairy and in the milking of the cows, which is not true, of course, in New England; and I do not believe any of us want it ever to be true that our wives and daughters should do labor of that sort. We are facing it, of course, either that or going out of the business.

Senator WATSON. How is dairying in the State of New York as compared with what it used to be?

Mr. LEACH. I can not speak for the whole of the State, but my own borders on New York. Their conditions over the line are similar to those on our side of the line. It is a good milk-producing country. My county, Bennington, is one of the finest places on earth in which to produce milk. We have splendid mountain streams and cold springs and the grass is fine. We do not suffer much with drought there. We did not this season, although in some sections it was quite severe.

Senator WATSON. What is your land worth, on the average?

Mr. LEACH. I was offered for the farm, 341 acres, $16,000. I put valuation on the pasture land, you will notice in my statement, of $30 an acre. I have a very good pasture. It might seem to Mr. Dillingham a little high, but I have an exceptionally good pasture, and, of course, good pasturage means less grain.

Washington County is a good milk county. Borden's people buy great quantities of milk in Washington County for the New York market.

It seems strange to say that our investigators in Canada found that the home comforts and conveniences on the farms there were greater than they were in New England. That proves this, of course, that those Canadians have made more money out of farming than we New Englanders have. It seems strange that they could do it, but that is the proof of it.

Senator WATSON. Do they not have more fertile land than you have?

Mr. LEACH. It is right in the dairy districts.

Senator WATSON. Is the character of the soil quite similar?

Mr. LEACH. I can not say. I was not one of the committee that investigated the matter, but I have always understood that the soil just north of our New England border, especially north of Vermont, is very rich. I suppose it is very similar to the soil in my State. Franklin County and those northern counties of Vermont are splendid counties—at least Franklin County is.

Speaking about the conveniences of the home in Canada, we made some notations and we have an exhibit, marked "Exhibit E," that will illustrate what was found there in connection with the farm homes as to conveniences and how it was that they could produce milk more cheaply than we can.

Senator McLean. Are the people in Canada to whom you refer French?

Mr. Leach. Yes. I know they are mostly or very largely French. Some of them came over the border, and I know the conditions along the northern border of Vermont where I have visited the production plants, and a great many of those families are French, and the same conditions prevail there along the border as prevail over the border.

Senator McLean. They have larger farms and do their own work, I suppose?

Mr. Leach. That is the idea. They raise large families and hire no help scarcely. They all work, from the little tot, just as soon as it can begin to trot around the farm. They all have something to do, which is all right if they do not work too hard and if they do the right kind of work. We do not want our mothers and wives and daughters doing outdoor work in New England.

I was going to speak about the supply of milk. That is, of course, something that we must watch in order to see that our cities are going to have an abundant supply. I want to call your attention to the fact that $94,000,000 worth of dairy products were sold in New England in 1919 from New England farms. A little more about that later.

Our supply of milk and cream should come from New England. Milk and cream are very perishable. To have the milk shipped from great distances and to have the cities rely on far-distant points for their milk and cream, you can readily understand, would be almost sure to result in disappointment to the consumer very frequently. Milk can not be gotten in from long distances and compared with the New England product.

In regard to the supply, suppose the milk that entered into the manufacture of butter in 1919 had been kept as sweet cream for the market? We could have replaced the Canadian cream eleven times. That butter was made from eleven times as much cream as was brought in from Canada, and that amount was 416,000 gallons. That is, we could have supplied eleven times 416,000 gallons if we had not made it into butter. I refer you to Exhibit G, which substantiates that statement.

If we depend upon Canada for our sweet cream in increasing quantities and let Vermont continue to make butter and sell it as butter, and something should develop that made it impossible for us to get what cream we needed in Canada, the natural inference would be that we could turn to New England for some of this cream. That is not quite true, because the creameries and private manufacturers of butter usually contract their butter, and they would be tied up in some sort of business arrangement possibly that would make it very awkward. People would be deprived of their cream perhaps at the time that they needed it most. You can not change from a butt

naking arrangement to milk and cream production for the market rithout some little time, some little notice.

Senator McLEAN. Take the ice cream that is used in the large cities, uch as Boston. It goes to other large cities. I think one of the ritnesses who appeared here several months ago testified that that ras a special use and one which could not be accommodated by the lew England dairies; that there was not enough milk produced to atisfy this demand for ice-cream purposes. That is as I remember it.

Senator WATSON. Yes; that is what the testimony was.

Mr. LEACH. Yes; I think I have heard that same story.

Senator McLEAN. It was stated that the cream that was used for omestic purposes and for butter had a separate commercial field by self, and that unless they got the necessary cream from Canada e cream would be very expensive.

Mr. LEACH. I do not think such a statement is justified by the cts. These facts that I have just cited would be sufficient to settle at question, I should suppose. But you know that the cream that manufactured into ice cream can be held such a long time by eezing and by cold storage that I should not suppose there would be y chance of any difficulty. In fact, I know there would not be any iance of any difficulty. They turn butter back into ice cream and so powdered milk.

Senator McLEAN. Can you produce in New England sufficient to tisfy the demands for both ice cream and butter?

Mr. LEACH. Oh, yes; abundantly. That is what we want to do. hat is the contention of the farmers in New England.

Senator McLEAN. The idea is that if the dairymen in New England e forced to go into some other business, then the consumers in the ties will be at the mercy of the Canadian price, and, in the long run, ople will have to pay a great deal more than they would if you had asonable protection?

Mr. LEACH. Exactly. The dairy business is not like a business that e could get out of to-day and go into something else to-morrow. e have our cattle. It takes three years to bring a calf up to oduction. It takes about four years, if you plan to have a dairy, efore you have got any milk.

Senator McLEAN. Of course you buy a great deal of grain from itside?

Mr. LEACH. Yes, sir; we use a good deal of grain.

Senator McLEAN. Do you buy hay?

Mr. LEACH. No, sir; I raised all my hay and all of my corn for silage.

Senator McLEAN. Is that generally true of the farmers there?

Mr. LEACH. Yes. That is generally so. It is generally so in New ampshire, Vermont, Maine, and the States below us. Some of em buy their hay where milk is produced near the large cities; but a rule the New England farmer raises all his rough feed.

Senator McLEAN. Do you have any serious difficulty with the indlers of the milk? Do you deal through middlemen?

Mr. LEACH. Yes, sir. The New England Milk Producers' Asso- ation have a price committee who sell the milk of the members of

the New England Milk Producers' Association, which number about 70 per cent of the dairymen of New England. It really amounts to handling all of it, because the other fellows do just as they do. They are in the minority——

Senator McLEAN. Are you at the mercy of the middlemen?

Mr. LEACH. Oh, no, sir.

Senator McLEAN. You get fair treatment from them?

Mr. LEACH. Yes. Through the New England Milk Producers' Association, who are our agents, we have been able to sell milk fairly satisfactorily. It is not the manner that the milk is sold that troubles us; it is the losing or the taking away of the market for so much of our surplus milk that troubles us. The surplus market brings down the price of the whole thing.

Senator WATSON. Statistics show, Mr. Leach, that the average price in 1920 in the New England States was $4.29 per hundred pounds.

Mr. LEACH. That is delivered in Boston.

Senator WATSON. $3.30 in 1921.

Mr. LEACH. Yes.

Senator WATSON. How much do you get for cream?

Mr. LEACH. I sell milk. I can tell you what I got for last month's milk——

Senator WATSON. I am talking about cream.

Mr. LEACH. I am not familiar with cream.

Senator WATSON. You do not sell cream?

Mr. LEACH. No, sir.

Senator WATSON. When you sell milk you sell the whole thing?

Mr. LEACH. Yes.

Senator WATSON. The cream and the milk?

Mr. LEACH. Yes, sir; the milk as it comes from the cow.

Senator WATSON. How old is it before you sell it?

Mr. LEACH. It goes every morning. The night's milk is held over in cold water. It is cooled immediately to the proper temperature and held.

Senator WATSON. Do you sell the night milk and the morning milk both the next morning?

Mr. LEACH. Yes, sir.

Senator WATSON. What do you get for it?

Mr. LEACH. The figures are just out for the Hood Co., a Boston concern, for October—milk, 2.855 for 3.7 milk in the tenth zone. This applies to my dairy.

Senator WATSON. I do not know what you mean.

Mr. LEACH. Milk testing 3.7 per cent butter fat to each 100 pounds brought the patrons of the H. P. Hood Co. delivered in the 10th zone (200 miles from Boston) 2.855 per 100 pounds, or 0.0613 per quart. This is the price I received for my October milk.

Senator McLEAN. You know what it is, do you not?

Mr. LEACH. I shall have to figure it.

Senator WATSON. It is 6 cents and a little over.

Mr. LEACH. Let me further say that there are deductions to be made from that. It costs me 25 cents a hundred pounds to transport my milk to the railroad station.

Senator WATSON. You mean by that that you get that right at 'our farm?

Mr. LEACH. No; I mean the price that I quoted is the Hood price t their railroad stations.

Senator WATSON. At their stations on the railroad?

Mr. LEACH. Yes, sir; where they receive the milk from the farm, nd the station that I supply happens to be far enough away so that costs me 25 cents a hundred to get my milk to the station. I resume that is about the average cost to the New England farmer ie year round.

There is a further deduction. I just want to give you all the facts. told you I was a Holstein man. My milk passes the butter-test andard for the Massachusetts market, which is 3.35 butter fat to 00 pounds of milk. Mine will pass that; but in order to get this rice that I speak of it should pass 3.7, which is 3½ points higher.

Senator WATSON. What do you mean by that?

Mr. LEACH. I mean that the selling standard that applies in our rritory is 3.7 pounds of butter fat to 100 pounds of milk.

Senator WATSON. That is the standard?

Mr. LEACH. That is the standard that we sell by. The Massausetts law calls for 3.35, but, as a matter of fact, the milk averages uite a good deal more than 3.35, and our agent decided on a 3.7 asis. The price per hundred has to be shrunken to three and a half mes, either 4 or 5 or 6 cents, as the value of butter happens to be. shrink my price, on account of being under the 3.7 trading point, iywhere from 15 to 25 cents a hundred more.

So that the price of between 5 and 6 cents is not quite as fancy as it oks. I wanted you to get the facts.

We Vermont farmers would be nicely fixed if we could get 8 cents quart at our doors. We could live as well as we should care to live.

TATEMENT OF W. H. BRONSON, BOSTON, MASS., REPRESENTING NEW ENGLAND MILK PRODUCERS' ASSOCIATION.

Senator McLEAN. What is your occupation?

Mr. BRONSON. New England Milk Producers' Association, Boston, charge of their research department there.

Senator WALSH. How large is this association?

Mr. BRONSON. It has about 20,000 members.

Senator WALSH. From all over New England?

Mr. BRONSON. Yes, sir.

Senator WALSH. And they are engaged in the production of milk small and large quantities?

Mr. BRONSON. Yes, sir.

Mr. Camburn has established a 10-cent rate on butter, we feel. I ish to present the case from the standpoint of what the equalized tes would be on milk and cream with a 10-cent rate on butter.

Equalizing milk on the butter-fat basis, 1 gallon of 4 per cent milk ith a churn gain of 20 per cent would make four-tenths of a pound butter. With a 10-cent rate on butter, that would call for 4 cents gallon on the milk.

The Fordney bill has given us a cent a gallon on milk, which shows that the milk is certainly not equalized with the butter rate. Even at 8 cents a pound on butter the equivalent rate on milk would be something over 3 cents a gallon.

Transportation costs from the center of production to Boston, for example, are one offset factor, making a difference of about one-half cent a gallon. The rate, therefore, we feel, to equalize that with 10 cents on butter, should be 3½ cents a gallon on milk.

The United States Tariff Commission, in their suggested——

Senator WALSH. What is the House provision on butter?

Mr. BRONSON. Eight cents, sir.

Senator McLEAN. How does the rate on cream compare with the rate on butter?

Mr. BRONSON. I will take that up when I have finished with butter, Senator.

Senator McLEAN. All right, sir.

Mr. BRONSON. The United States Tariff Commission, in their suggested reclassification and revision of sections of the tariff relating to agricultural products and provisions, page 13, paragraph 1, makes the statement—

> If it is desired to levy a duty on butter equivalent to that on the milk it represents the duty on 1 pound of butter should be 2.76 times the duty on 1 gallon of milk.

For example, suppose that the butter rate was 10 cents a pound as we propose; then the equivalent rate on milk should be 10 cents divided by 2.76, which would give 3.6 cents. We are asking for 3½ cents.

We therefore feel that the 3½-cent rate on milk is correct from the equalization standpoint of a 10-cent rate on butter. It is just a matter of mathematics as to how much butter fat there is in milk. It is not debatable, as I see it. We have the United States Tariff Commission's statement to back up the rate that we ask for.

Equalization as applied to cream: One gallon of 40 per cent cream with a churn gain of 20 per cent would make practically 4 pounds of butter. At 10 cents per pound on butter, the equivalent rate on 1 gallon of 40 per cent cream, considering transportation costs, would be 35 cents per gallon. The Fordney bill, on 40 per cent cream gives a rate of 10 cents per gallon.

The transportation cost from the center of production in Quebec and the center of production in New England gives an offset of only about one-half cent a gallon, and we have allowed an offset of 4 cents a gallon over its equivalent on the butter-fat basis.

The same authority from which I quoted before, the United States Tariff Commission, on page 11, paragraph 3, states——

Senator McLEAN. The rate in the emergency tariff is 5 cents a gallon on cream, is it not?

Mr. BRONSON. Yes, sir.

Senator McLEAN. Is that satisfactory?

Mr. BRONSON. No, sir. We are asking for 35 cents on heavy cream.

Senator McLEAN. You want 35 cents?

Mr. BRONSON. Yes, sir. We have here a comparison of the rates in the Fordney bill and the rates for which we are asking.

What the Fordney bill allows.	*What dairy organizations want.*
Par. 707. Milk, fresh, 1 cent per gallon; ur milk and buttermilk, one-half of 1 nt per gallon; cream, having less than per cent of butter fat, 5 cents per gal- n; having 30 per centum or more of itter fat, 10 cents per gallon.	Par. 707. Whole milk, sweet or sour, 3½ cents per gallon; cream, sweet or sour, having not more than 20 per cent of butter fat, 15 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional; skim milk, 1 cent per gallon; ice cream mixtures, unfrozen, having not more than 15 per cent of butter fat, 15 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional; frozen, having not more than 15 per cent of butter fat, 9 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat, 3 cents per gallon additional.
Par. 708. Milk, condensed or evapo- ed: In hermetically sealed containers, sweetened, 1 cent per pound; sweet- d, 1½ cents per pound; all other, 1⅝ its per pound; whole-milk powder, 3 its per pound; cream powder, 8 cents pound; and skimmed-milk powder, cents per pound; malted milk, and mpounds of or substitutes for milk or am, 20 per centum ad valorem.	Par. 708. Milk, condensed or evaporated: In hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1⅝ cents per pound; whole-milk powder, 3½ cents per pound; cream powder, 8 cents per pound; and skimmed-milk powder, 1½ cents per pound; malted milk and compounds of or substitutes for milk or cream, 20 per centum ad valorem.
ar. 709. Butter, 8 cents per pound; margarine, 8 cents per pound.	Par. 709. Butter, 10 cents per pound; butter substitutes, 10 cents per pound.
ar. 710. Cheese, valued at less than cents per pound, 5 cents per pound; ued at 30 cents or more per pound, 25 centum ad valorem; cheese substi- es, 5 cents per pound.	Par. 710. Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per centum ad valorem; cheese substitutes, 5 cents per pound; lactarene or casein, 4½ cents per pound (this article now appears on the free list); all other dairy products not otherwise provided for, 20 per centum ad valorem.

Senator McLEAN. Thirty-five cents a gallon on cream would be equivalent of 10 cents a pound on butter?

Mr. BRONSON. Yes, sir; heavy cream, 40 per cent. We are putting it on a basis which makes possible the bringing in of cream testing lower percentages, if they wish to. We have allowed for that.

As I started to state, the Tariff Commission, on page 11, paragraph of the reference already cited, states that on the basis of physical ivalents the duty on light cream would naturally be five to seven es that on milk, and on heavy whipping cream about eight to times. At a rate of 3½ cents per gallon on milk the equivalent on heavy cream would be from 29 cents to 36 cents per gallon.

Senator JONES. You have all these equivalents figured out here on basis of 10 cents per pound on butter?

Mr. BRONSON. Yes, sir.

Senator JONES. And this is what you think would equalize the ter commodity on that basis?

Mr. BRONSON. Yes, sir. We made a study to see what the differ- ce might represent between a manufacturer or a creamery, for ample, in Canada manufacturing cream into butter in Canada d selling it in the United States compared with sending the cream r to the United States and manufacturing it here. That study owed that a Canadian creamery within 60 miles of the United

States border could, in September, 1921—we took the latest month we had—have made 21 cents per gallon more on shipping cream to the United States to be manufactured into butter here than it could be manufactured into butter in Canada and shipped to the United States for sale.

Senator WALSH. That is under existing rates?

Mr. BRONSON. Under the rates as proposed in the Fordney bill. Under existing rates I think it would be even higher.

This is of importance, for the reason that 70 per cent of the butter produced in Canada is produced in the two Provinces of Quebec and Ontario, and some 50 to 60 per cent of the butter is produced within 60 miles of the United States border. This proposition came up at the time of the old Payne-Aldrich Act, and the Turner Center System in Maine wrote to Senator Frye, of Maine, about the inequalities, and the Senator said it was too late, that the hearings were all closed and nothing could be done. Mr. Bradford, of that creamery, told me the other day, "We were situated as well as anybody was, and decided to go into the business ourselves."

I have their record, which shows that from 1910 to 1916 they shipped in over 4,000,000 pounds of butter fat from Canada to be manufactured into butter at their plants in Auburn and other points in Maine, thus evading the butter rate, and by paying only the 5 cents a gallon on cream when the butter rate was 6 cents at that time.

We feel that unless the cream and butter rates are equalized you will have that coming into operation—the operation of what they call line creameries, where cream is bought in Canada, carried across to the American side and manufactured into butter, paying the cream duty and evading the butter duty.

To show that the producers are not the only people who recognize this inequality, I want to call attention to one of the public trade papers which shows that they also recognize the inequality of the cream and butter rates.

The New York Produce Review and American Creamery, published in New York, in its issue of July 6, 1921, page 562, has an editorial on "The new tariff bill," which, among other things, says:

> One of the most apparent inconsistencies in this list is the relation of duties on butter and cream. A gallon of 29½ per cent cream weighs about 8.35 pounds and contains about 2.5 pounds butter fat. Thus the butter fat in this cream would enter the United States on a basis of only 2 cents a pound duty, while a pound of butter fat entering the country as butter would pay duty at the rate of about 10 cents per pound. By skimming a very heavy cream (say 55 per cent) the duty per pound butter fat would be only slightly higher than with the thinner cream in spite of the 10 cents per gallon rate on creams testing 30 per cent or higher. This discrepancy should encourage the growth of gathered-cream creameries along our northern border and would possibly lead to some interesting experiments in the practicability of shipping high-test frozen or refrigerated sweet cream to this country from abroad.

That is the opinion of a recognized trade paper which ought to know something about equality between butter and cream rates and the possibility of gathered-cream creameries and the shipment of cream to the United States from Denmark and other points.

Senator WALSH. That paper is not a farmers' journal, is it?

Mr. BRONSON. No; it is a trade paper.

I have a statement here from one of the important cream dealers in Boston, metropolitan Boston, the David Buttrick Co., Arlington.

ass. They bring in anywhere from 100 to 500 or 600 cans of cream day. Mr. Buttrick writes:

ARLINGTON, MASS., *October 29, 1921.*

. W. H. BRONSON,
New England Dairy Tariff Committee, Boston, Mass.

DEAR SIR: With reference to your request for information regarding the tariff on am and the equalization of the tariff rate on cream with the tariff rate on butter, wish to make the following statement, augmented by a few figures, showing great ge between cost of Canadian cream and American f. o. b. Boston.

.. Cream dealers in Boston buying in Canada have been able to obtain their cream about $3 per 10-gallon jug of 40 per cent cream cheaper from Canada than from United States, not considering the exchange rate. They pay a duty at present of nts per gallon, which makes an offset of 50 cents per 10-gallon jug. This difference hree times made up by the difference in exchange rate.

The practice, of course, is to pay in Canada in Canadian money, d the exchange operates to the advantage of the cream dealer buy- g in Canada in that way [reading further]:

. We feel that if the business is properly handled there is no reason why there uld be a shortage of cream, provided the Canadian cream was shut off from the ston market, in that there is plenty of American supply to take care of the demand table cream, and through the proper use of cold-storage facilities it is possible to e care of the ice-cream trade with cold-storage goods. During the past two years re has been no acute shortage. A shortage really affects table goods only, and is erally due to increased consumption of cream in ice cream. This condition is y a matter of a few hours and does not require Canadian receipts to relieve it.

. We believe that since we sell our cream in the United States we should do our t to help move American goods by buying our cream in the United States rather n in Canada. If some dealers require Canadian goods, such goods should arrive he market at an equal price and not at a price that jeopardizes the movement of American product.

. We heartily approve of the tariff rate proposed by the New England Dairy Tariff nmittee, which would give about 35 cents per gallon on 40 per cent cream. We ieve that the tariff rate on milk and cream should be equalized with the tariff on butter.

Yours, very truly,

D. BUTTRICK.

Attached to this letter is a statement of the cost of 40 per cent am per 10-gallon jug, f. o. b. Boston, buying in New England and ying in Canada for the last four months.

Senator MCLEAN. What do you mean by 40 per cent ream?

Mr. BRONSON. Cream containing 40 per cent butter fat.

(The statement is as follows:)

American cream (Boston market).

IS OF PURCHASE: BOSTON CHAMBER OF COMMERCE, PLUS 20 PER CENT PLUS 4 CENTS.

Month.	Quotation.	Plus 20 per cent.	Plus 4 cents.	Cost B. F. in country.	Cost, jug, 40 per cent in country.	Plus transportation.	Cost, jug, 40 per cent f. o. b. Boston.
	Cents.	*Cents.*	*Cents.*	*Cents.*		*Cents.*	
.	40.5	8.1	4.0	52.6	$17.36	54	$17.90
ust	42.4	8.5	4.0	54.9	18.18	54	18.72
ember	43.8	8.8	4.0	56.6	18.68	54	19.22
ober	46.2	9.2	4.0	59.4	19.60	54	20.14

Canadian cream (Boston market).

BASIS OF PURCHASE: FARNHAM BOARD PLUS 15 PER CENT PLUS 2 CENTS.

Month.	Quotation.	Plus 15 per cent.	Plus 2 cents bonus.	Cost, pound, B. F. Canada.	Cost, jug, 40 per cent in Canada.	Minus exchange.	Plus duty.	Plus transportation.	Cost, jug, 40 per cent f. o. b. Boston.
	Cents.	*Cents.*	*Cents.*	*Cents.*		*Cents.*	*Cents.*	*Cents.*	
July	35.6	5.3	2.0	42.9	$14.16	1.42	50	60	[illegible]
August	39.1	5.9	2.0	47.0	15.51	1.55	50	60	[illegible]
September	35.4	5.3	2.0	42.7	14.09	1.41	50	60	[illegible]
October	36.8	5.5	2.0	44.3	14.62	1.46	50	60	[illegible]

BASIS OF PURCHASE: MONTREAL QUOTATION PLUS 15 PER CENT PLUS 2 CENTS.

Month.	Quotation.	Plus 15 per cent.	Plus 2 cents bonus.	Cost, pound, B. F. Canada.	Cost, jug, 40 per cent in Canada.	Minus exchange.	Plus duty.	Plus transportation.	Cost, jug, 40 per cent f. o. b. Boston.
July	37.6	5.6	2.0	45.2	$14.92	1.49	50	60	[illegible]
August	41.1	6.2	2.0	49.3	16.27	1.63	50	60	[illegible]
September	37.4	5.6	2.0	45.0	14.85	1.49	50	60	[illegible]
October	38.8	5.8	2.0	46.6	15.38	1.54	50	60	[illegible]

Mr. BRONSON. This point, it seems to me, is of some importance [illegible] the business men in Massachusetts, and especially in Boston. Und[illegible] the present system of buying in Canada the money is paid, of cour[illegible] in Canadian funds and the money goes to Montreal or Quebec. [illegible] does not come back to Boston, as far as freight is concerned. Th[illegible] money that you pay the New England producers goes out fr[illegible] Boston. It goes to the producers. They take it to grain men [illegible] storekeepers or some one else in the village, and it comes back [illegible] Boston and increases the amount of trade done in Boston. Th[illegible] amounts to anywhere from twenty to thirty million dollars a ye[illegible] We feel that from a business standpoint it is a good thing to keep th[illegible] money in New England and keep it with the farmers. We have p[illegible] a provision into our rates covering ice-cream mixtures. We feel th[illegible] possibly cream and butter fat might come into the country in th[illegible] shape of ice-cream mixtures and pay the rate on butter and the ra[illegible] on cream. We therefore put in a provision to cover that.

Senator WALSH. Don't you think this editorial might well go in [illegible] record?

Mr. BRONSON. Yes.

Senator WALSH. It points out admirably the inconsistencies of th[illegible] different dairy products and how the present rates are going to wo[illegible] out.

Senator SUTHERLAND. We will put it all in the record.

(The editorial referred to is as follows:)

[From New York Produce Review and American Creamery.]

THE NEW TARIFF BILL.

The new Fordney tariff bill introduced in Congress last week, representing [illegible] labors of the Republican Members of the House Ways and Means Committee, prob[illegible] contains no more inconsistencies and inequalities in the imposition of duties on [illegible] ports than may be normally expected under the methods of creating measures of [illegible] character inherent in our legislative system. As a general proposition our legisla[illegible] are swayed in their judgment of a fair margin of tariff protection by the pre[illegible] exerted by and the urgency of the appeal of their constituents. Just at this ti[illegible] the voices of the American producer and American manufacturer prevail. Protecti[illegible] from cheaper foreign products is the more frequently heard demand, and hur[illegible]

uties are the order of the day. Our tariffs move up and down with the swings of opular sentiment. And, as a rule, a swing to higher rates is followed sooner or later y a downward readjustment at the command of the "ultimate consumer."

The vagaries of the proposed schedule of duties on the leading dairy products may e indicated by the following rough comparison: If a Canadian farmer with 100 ounds of 3.6 per cent milk sought a market in the United States, he would pay a uty of about 11½ cents to 12 cents if he sent us the milk sweet; a duty of about 5¾ ents or 6 cents if he sent us the milk sour; a duty of about 7½ cents if he separated e milk and sent us the cream testing 29½ per cent, and a duty of about 14½ cents if e cream, containing the same amount of butter fat, tested 30 per cent. If he churned e cream and sent us the butter, the duty would be about 33 cents. If he condensed e milk, the duty would range from 40 cents to 65 cents, and more according to the gree of concentration and the form in which shipped. If he dried the milk and nt us the powder, the duty would be about 38 cents or 40 cents. If he made it up to cheese worth less than 30 cents a pound, the rate would be in the neighborhood 50 cents, while if the cheese were worth 30 cents to 60 cents a pound, the duties uld range from 75 cents upward to over $1.

One of the most apparent inconsistencies in this list is the relation of duties on itter and cream. A gallon of 29½ per cent cream weighs about 8.35 pounds and ntains about 2.5 pounds butter fat. Thus the butter fat in this cream would enter e United States on a basis of only 2 cents a pound duty, while a pound of butter fat tering the country as butter would pay duty at the rate of about 10 cents per pound. r skimming a very heavy cream (say 55 per cent) the duty per pound butter fat uld be only slightly higher than with the thinner cream, in spite of the 10 cents r gallon rate on creams testing 30 per cent or higher. This discrepancy should courage the growth of gathered-cream creameries along our northern border and uld possibly lead to some interesting experiments in the practicability of shipping h-test frozen or refrigerated sweet cream to this country from abroad.

The higher duties imposed on foreign eggs, in the shell, dried, and frozen, will no ubt be appreciated by the Pacific coast poultry interests. They did not secure all ey asked, but the barrier to cheap imports is perhaps sufficient to curtail the trade at was developing with the Orient.

The feature of the bill that we find most confusing is that section providing for an nerican valuation of imports on which duties are determined on an ad valorem sis. Cheese is the only dairy product that would be subjected to this bewildering position. It is proposed to value imports without regard to cost or replacement lue at point of origin, but on basis of value in the United States on date of shipnt. It is argued by Chairman Fordney that the new plan is more practicable and s objectionable than that prevailing at present, under which he claims invoices evidence of purchase price are frequently fraudulently altered. But a reading of new proposal gives no assurance that appraisers endeavoring to determine values re, often without evidence of value because of absence of comparable offerings, ll be able to make as close approximations of values as those at point of origin of imports. Under the plan an importer could not know in advance of shipment d hardly at time of shipment what duty he would be forced to pay.

In the case of cheese great confusion would arise because of the different method of ming duties according to the value of the product. Since the appraiser alone can ermine the value, the importer of cheese that is worth in the neighborhood of 30 nts could not be certain whether the duty imposed would be at the rate of 5 cents ound or 25 per cent ad valorem. Of course, all this confusion will help the manuturer of foreign types of domestic cheese, which since the middle war years have joyed the patronage of the American markets with little foreign competition, except m Argentina on certain of the Italian styles.

The bill, if enacted in its present form, would probably effectively shut out imrtant quantities of foreign butter, some types of cheese, condensed milk, and haps shell eggs also. Its passage would doubtless have a stimulating influence food prices in this country.

Mr. Bronson. I will file with the committee our brief. I do not ow whether the committee will want that.

Senator Sutherland. I think it should be printed. This is an portant matter to you people. It may be that it will throw some luable light on the subject.

BRIEF OF THE NEW ENGLAND DAIRY TARIFF COMMITTEE.

Paragraph 709 of the Fordney tariff bill provides duties on butter and oleomargarine as follows: "Butter, 8 cents per pound; oleomargarine, 8 cents per pound."

Paragraph 707 of the Fordney tariff bill provides duties on milk and cream as follows: "Milk, fresh, 1 cent per gallon; sour milk and butter milk, one half of 1 cent per gallon; cream having less than 30 per cent of butter fat, 5 cents per gallon; having 30 per cent or more of butter fat, 10 cents per gallon."

DEFINITIONS.

1. *Butter.*—United States Department of Agriculture defines butter as "the clean nonrancid product made by gathering in any manner the fat of fresh or ripened milk or cream into a mass, which also contains a small portion of the other milk constituents, with or without salt, and containing not less than 82.5 per cent of milk fat."
2. *Cream.*—The same authority defines cream as "that portion of milk, rich in milk fat, which rises to the surface of milk on standing or if separated by centrifugal force. It is fresh and clean. It contains not less than 18 per cent of milk fat and not more than two-tenths per cent of acid, reacting substances, calculated in terms of lactic acid."
3. *Milk.*—Milk is defined by the United States Department of Agriculture as "the whole, fresh, clean, lacteal secretion obtained by the complete milking of one or more healthy cows, properly fed and kept, excluding that obtained within 15 days before and 5 days after calving, or such longer period as may be necessary to render the milk practically colostrum-free."

OPPOSITION AND REASONS FOR SUCH OPPOSITION TO RATES ON BUTTER.

We are opposed to the present rate on butter because (1) relative costs of production between the United States and competitive foreign countries show that a higher duty is necessary to protect the United States producers; (2) the increased price level of butter requires a higher rate to give the same ad valorem protection as obtained under former tariffs.

Relative costs, New England and Quebec, Canada.—Based on the difference in the cost of milk production, considering transportation costs, it costs 10 cents per pound more to produce butter in New Eng and than it does in Quebec. In April of 1921 the cost of producing 1 pound of butter in New England was 55 cents and in Quebec 45 cents, leaving a difference in favor of Quebec of 10 cents per pound. Transportation costs to Boston on a pound of butter are three one-hundredths of a cent cheaper from New England than from Quebec. Milk production costs are cheaper in Quebec than in New England primarily because the cost of farm labor is lower in the former Province. (See Exhibit A for detailed costs.)

Relative costs, United States and Denmark.—Relative costs of production of butter between the United States and Denmark indicate that the cost of producing butter in the United States was 35 per cent higher than in Denmark in 1920, due primarily to cheaper labor costs in Denmark. (See attached detailed comparison of costs, Exhibit B.)

Increased price level on butter requires higher rate.—In 1897, when butter sold at 20 cents per pound, a duty of 6 cents per pound was imposed. At the present price level of from 40 cents to 50 cents per pound a duty of at least 10 cents per pound would be required to give the same ad valorem protection. (See price chart, Exhibit C.)

In 1897 the cash wage of farm labor by the month with board in the New England States was from \$17 to \$18,[1] while in 1921 the cash wage paid was from \$34 to \$—, more than double the wage in 1897. Other costs of farm operation have changed in like manner, and at the new level of prices and costs an increased specific duty on butter is required to give the same protection as was given in 1897.

OPPOSITION AND REASONS FOR OPPOSITION TO RATES ON MILK AND CREAM

We are opposed to the present rates on cream and milk because such rates as are carried in the bill are not equalized with the rate on butter. Our contention is that the raw materials—milk and cream—from which butter is manufactured should not enter the country at rates which are not equalized with the rate on butter.

Equalization as applied to milk.—One gallon of 4 per cent milk (8.6 pounds) with a churn gain of 20 per cent would make 0.41 pound of butter. At 10 cents per pound

[1] United States Department of Agriculture, Bureau of Statistics, Bulletin 99, p. 23.

n butter, the equivalent rate of 4 per cent milk, considering transportation charges, ould be 3½ cents per gallon.

Transportation costs on 1 gallon of milk to Boston from the center of production in ew England is $0.042, while from the center of Canadian supply in Quebec it is $0.0485 er gallon, a difference in favor of New England of $0.0065 per gallon.

The United States Tariff Commission[2] states that "if it is desired to levy a duty n butter equivalent to that on the milk it represents, the duty on 1 pound of butter ould be 2.76 times the duty on 1 gallon of milk." With the duty on butter of 10 nts per pound as we propose, the duty on 1 gallon of milk to equalize with butter ould be $0.10 divided by 2.76, or 3.6 cents per gallon.

Equalization as applied to cream.—One gallon of 40 per cent cream (8.3 pounds) ith a churn gain of 20 per cent would make practically 4 pounds of butter. At cents per pound on butter, the equivalent rate on 1 gallon of 40 per cent cream, nsidering transportation costs, would be 35 cents per gallon. Cream testing higher d lower percentages of butter fat should carry corresponding rates.

Transportation to Boston from New England and Quebec centers of production is, spectively, per gallon $0.0545 and $0.0605, a difference in favor of New England of .006 per gallon.

The United States Tariff Commission states regarding equalization of cream and ilk: "On the basis of physical equivalents, the duty on light cream would naturally five to seven times that on milk, and on heavy whipping cream about eight to n times." At a rate of 3½ cents per gallon on milk, the equivalent rate on heavy eam would be from 29 cents to 36 cents per gallon.

After paying the duties now carried in the bill (pars. 707 and 709) a Canadian eamery within 60 miles of the United States border could in September, 1921, have ade 21 cents per gallon more on shipping cream to the United States to be manuctured into butter here than it could to manufacture the cream into butter in Canada d ship the same to the United States for sale. The two Provinces of Quebec and ntario produce 70 per cent of the butter manufactured in creameries in Canada and m 50 to 60 per cent of the butter manufactured in these two Provinces is produced ithin 60 miles of the United States border. (See Exhibit D for details.)

The butter trade recognizes inequalities of cream and butter rates.—The New York oduce Review and American Creamery, published by Urner-Barry Co., New York, its issue of July 6, 1921, page 562, has an editorial on "The new tariff bill," which, mong other things, says: "One of the most apparent inconsistencies in this list is e relationship of duties on butter and cream. A gallon of 29½ per cent cream weighs out 8.35 pounds and contains about 2.5 pounds of butter fat.. Thus the butter fat this cream would enter the United States on a basis of only 2 cents a pound duty, ile a pound of butter fat entering the country as butter would pay duty at the rate 10 cents per pound. * * * This discrepancy should encourage the growth of thered-cream creameries along our northern border and would possibly lead to some teresting experiments in the practicability of shipping high-test frozen or refrigerated eet cream to this country from abroad."

Butter duty will be evaded unless cream carries a duty equalized with butter.—With e cream duty of 5 cents per gallon as in the Payne-Aldrich Act or free as in the nderwood bill, it was profitable to ship cream from Canada to the United States d then manufacture the cream into butter. One New England creamery (the mer Centre System) of Auburn, Me., brought in over 4,000,000 pounds of butter for this purpose from 1910 to 1916.

Ice-cream mixtures.—Cream might enter the country by the addition of sugar as ice-cream mixture and thus evade the rates on cream. We contend, therefore, at this combination now becoming of commercial importance should carry rates ualized with the rates on cream on a butter-fat basis.

HISTORY OF DAIRY INDUSTRY IN NEW ENGLAND AND CANADA.

For the past 20 years the source of Boston's supply of milk and cream has been ving farther and farther away with the decreased receipts from near-by Massasetts, Connecticut, and southern New Hampshire. (See Exhibit E.) The reason this change was the cheaper production costs in the area farther from the market. e next change which is now taking place is tapping of Quebec, Canada, for milk d cream. This is undesirable for the reason that (1) it results in large areas of m land in New England, which should support dairy herds, growing up to brush

---

[2] Suggested reclassification and revision of sections of the tariff relating to agricultural products and visions, p. 13, par. 1, prepared by United States Tariff Commission.

and timber, with their owners moving to cities for employment; (2) it results in the obtaining of absolutely essential food products from a foreign country, where it is difficult to properly supervise the sanitary conditions of production.

A recent survey of conditions of dairying in New England and Quebec show that sanitary facilities for producing milk, such as ice houses and milk houses, are much less numerous in Quebec than in New England. This survey also showed that the standard of living in Quebec is lower than in New England when measured by the question as to whether or not the wife and daughters help milk and higher than in New England when measured by the question as to whether or not the house has conveniences such as running water, furnaces, and bathrooms. The presence of these latter conveniences indicates more profitable dairy production in Quebec than in New England. (See Exhibit F for details.)

From 1900 to 1920 the population of New England increased from 5,600,000 to 7,400,000, an increase of one-third, while during the same period the number of dairy cows decreased from 893,000 to 843,000, a decrease of 50,000 in 20 years. In 1910 there were 189,000 farms in New England, while in 1920 only 156,000 are reported, a decrease of 17 per cent in 10 years. There is a like decrease in the acres of improved land.

During the period from 1900 to 1919, the production of butter in Canada increased from 36,000,000 pounds to 104,000,000 pounds, and from 1917 to 1919 the number of cows supplying creameries increased from 1,102,000 to 1,648,000—Quebec increasing from 546,000 to 565,000, and Ontario from 445,000 to 747,000.

NEW ENGLAND MILK, CREAM, AND BUTTER SUPPLY.

Dairy products sold from New England farms in 1919 amounted to over $94,[illegible] 000. Milk and cream need to be produced near the point of consumption because of their perishable nature, and New England now produces sufficient of these dairy products to supply her needs without receipts from Canada. In 1919, when 41[illegible] gallons of cream were shipped from Canadian points to Boston, the butter produced in New England creameries would have provided 4,500,000 gallons of 36 per cent cream or eleven times the amount necessary to replace the Canadian shipments. (See Exhibit G.)

The turning of the cream now used for butter to supplying the sweet-cream trade can not be accomplished in a few days when a cream dealer buying in Canada finds himself short. With a sufficient knowledge of increased market demands for sweet cream, a New England producer now making sour cream or farm butter would care for his product better so as to supply sweet cream. The butter produced in New England would have supplied nine times the amount of cream needed to replace Canadian cream shipments to Boston for the month of shipment (June). This butter would have provided a large amount of additional milk if more milk had been needed.

IMPORTATIONS OF MILK, CREAM, AND BUTTER FROM CANADA TO UNITED STATES.

The importations of butter from Canada (United States Foreign and Domestic Commerce Report) increased from 351,000 pounds in 1913 to over 9,000,000 pounds in 1920, at the same time the Reports of the Trade of Canada (years ending March 31) report increases in the exports of milk from Canada to United States of from [illegible] gallons in 1913 to 1,500,000 gallons in 1921. During the same period the imports of cream from Canada increased from 800,000 gallons in 1913 to 1,300,000 gallons in 1921. Of this importation of milk and cream 94 per cent of it came from the Provinces of Quebec and Ontario through the Vermont and St. Lawrence customs districts. Due to the cheaper production costs in Canada, the excellent markets in New England are being lost to the New England producer. This has resulted in a decrease in number of farms and cows and general lack of prosperity in the dairy sections of New England. (See Exhibit H.)

TARIFF SCHEDULE DESIRED.

For the reasons already outlined in this brief we desire the following paragraphs to read:

"PAR. 707. Whole milk, sweet or sour, 3½ cents per gallon; cream, sweet or sour, having not more than 20 per cent of butter fat, 15 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat 5 cents per gallon additional; skimmed milk, 1 cent per gallon; ice-cream mixtures, unfrozen, having not more than 15 per cent of butter fat, 15 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat 5 cents per gallon additional; ice-cream mixtures, frozen, having not more than 15 per cent of butter fat, 9 cents per gallon, for each additional 5 per cent of butter fat 3 cents per gallon additional."

"PAR. 709. Butter, 10 cents per pound; oleomargarine, 10 cents per pound."

TARIFF SCHEDULES ON OTHER DAIRY PRODUCTS.

In conjunction with other dairy organizations in the United States who have will present facts to support rates desired, we ask that paragraphs 708 and 710 be ianged to read:

"PAR. 708. Milk, condensed or evaporated: In hermetically sealed containers, isweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1¾ cents r pound; whole-milk powder, 3½ cents per pound; cream powder, 8 cents per pound; id skimmed-milk powder, 1½ cents per pound; malted milk and compounds of or ibstitutes for milk or cream, 20 per cent ad valorem."

"PAR. 710. Cheese, valued at less than 30 cents per pound, 5 cents per pound; ilued at 30 cents or more per pound, 25 per cent ad valorem; cheese substitutes, 5 nts per pound; lactarine or casein, 4½ cents per pound [this article now appears on e free list]; all other dairy products not otherwise provided for, 20 per cent ad ilorem."

COMPOSITION OF THE NEW ENGLAND DAIRY TARIFF COMMITTEE.

The New England Dairy Tariff Committee represents the following farm organ- ations in New England: The Grange, the State farm bureaus, the State dairymen's sociations, the State departments of agriculture, the State agricultural colleges, id the New England Milk Producers' Association. The personnel of the committee as follows: W. N. Cady, Vermont State Grange, chairman; O. M. Camburn, director dairying, Massachusetts Department of Agriculture, secretary; J. W. Alsop, Con- cticut Dairymen's Association; H. N. Sawyer, New Hampshire State Farm Bureau; . D. Jones, Maine Agricultural College; G. R. Little, Eastern New York Milk Pro- icers; J. J. Dunn, Rhode Island State Department of Agriculture; and W. H. Bron- n, New England Milk Producers' Association.

EXHIBIT A.

RELATIVE COSTS, NEW ENGLAND AND CANADA.

Milk.—The duties on dairy products are based upon costs of producing milk the New England States and the Province of Quebec, as determined for the month April, 1921. Accordingly, the cost of producing milk in the New England States id the Province of Quebec was as follows:

	Per 100 pounds.	Per gallon.
w England States	$2.93	$0.252
ovince of Quebec	2.45	.211
Difference in favor of Quebec	.48	.041

Cream.—Based on these costs of 100 pounds of milk, the cost of producing 1 llon of 36 per cent cream is as follows:

ew England States	$2.04
ovince of Quebec	1.64
Difference in favor of Quebec	.40

Butter.—Based on these costs of 100 pounds of milk, the cost of producing 1 pound butter in these two areas is as follows:

ew England States	$0.55
ovince of Quebec	.45
Difference in favor of Quebec	.10

Transportation costs.—The transportation costs on dairy products from New England nters of production and Province of Quebec to Boston are as follows:

Freight charges on dairy products from centers of production to Boston, Mass.

	Milk.		Cream.		Butter per pound.
	Zone.	Per gallon.	Zone.	Per gallon.	
	Miles.		*Miles.*		
Province of Quebec	281–300	$0.0485	281–300	$0.0605	[illegible]
New England States	201–220	.0420	221–240	.0545	[illegible]
Difference in favor of New England		.0065		.0060	[illegible]

These differences in transportation costs which favor New England should be sub-tracted from the differences in costs as given above to obtain the tariff protection needed to offset differences in cost of production.

Method of obtaining costs.—The milk costs are based on the "Warren formula" for the quantities of feed and labor required to make 100 pounds of milk, to which have been applied feed and labor costs in the two areas. The Warren formula is used as a measure of cost of milk production, with the same quantity figures applied in each case, with the exception of "overhead" costs.

New England States cost per 100 pounds of milk (Apr. 15, 1921).

Grain, 33.79 pounds, at $41.20 per ton	$0.[illegible]
Hay, 43.3 pounds, at $21.40 per ton	[illegible]
Other dry forage, 10.8 pounds, at $10.60 per ton	[illegible]
Silage, 92.2 pounds, at $8 per ton	[illegible]
Other succulents, 8.3 pounds, at $8 per ton	[illegible]
Labor, 3.02 hours, at $0.235 per hour	[illegible]
Total (representing 79 per cent of cost)	[illegible]
Final cost, including overhead	[illegible]

Province of Quebec costs per 100 pounds of milk (Apr. 15, 1921).

[Expressed in Canadian money.]

Grain, 33.79 pounds, at $43 per ton	$0.[illegible]
Hay, 43.3 pounds, at $20 per ton	[illegible]
Other dry forage, 10.8 pounds, at $10 per ton	[illegible]
Silage, 92.2 pounds, at $6.40 per ton	[illegible]
Other succulents, 8.3 pounds, at $6.40 per ton	[illegible]
Labor, 3.02 hours, at $0.187 per hour	[illegible]
Total (representing 85 per cent of costs)	[illegible]
Final cost, including overhead	[illegible]

Sources of costs.—The prices for grain, hay, and labor in the two areas were ob-tained by surveys made during April in Canadian territory from which cream is shipped to the Boston market and from representative territory in the various New England States, supplemented by a more detailed cost of labor and prices charged for grain from a study made by the New England Milk Producers' Association.

Grain and hay.—Grain and hay prices in the Province of Quebec were somewhat higher than prices in the New England States, as the following comparison of prices will show:

Grain and hay prices.

Feed.	Quebec.	New England States.
Corn meal ... per 100 pounds	$2.60	[illegible]
Ground oats ... do	2.20	[illegible]
Linseed meal ... do	2.75	[illegible]
Wheat bran ... do	1.90	[illegible]
Clover hay ... per ton	20.00	[illegible]

Based on the above grain prices, the cost of a balanced ration in Quebec would be 2.15 per 100 pounds of grain and $2.06 in the New England States. The prices for ay in the New England States are from the Crop Reporter, published by the United tates Department of Agriculture, in which the prices for the different States are eighted on the basis of the importance of the dairy industry, as shown by the producon of milk reported by the United States census for 1920, for each State. These eights applied are as follows:

Milk production in New England.

[Fourteenth United States Census.]

	Quantity of milk.	Per cent.
	Gallons.	
ine	77,876,881	21
w Hampshire	42,356,285	11
rmont	122,095,734	34
ssachusetts	76,316,309	20
nnecticut	54,894,287	14
Total	373,539,496	100

Silage.—From cost accounts kept in the New England States by the various w England colleges it has been determined that the cost of producing silage is $8 r ton. As labor is the principal item in the cost of producing silage, and the labor ts in the Province of Quebec were found to be 20 per cent lower than the New gland States, the cost of silage in Quebec was figured at $6.40 per ton

Labor.—The results of the survey in the Province of Quebec showed that the rage cash wage paid farm labor in April, 1921, was $36 per month and the average t of board was estimated by farmers as $22. This makes the total cost of hired or in the Province of Quebec $58 per month. The farmers of Quebec estimated t their labor worked from 11 to 13 hours per day, which would give a total number hours worked per month of about 310. This gives a cost per hour of hired labor as 7 cents. Labor costs in the New England States are based on returns from some farmers scattered throughout the New England States, and the returns from the ividual States weighted upon the importance of the dairy industry. The weighted h wage paid per month for "month labor boarded" in the New England States $44. The estimated cost of board was $29, making a total of $73. The number hours worked was found to be 310 per month, which gives a cost per hour of labor 3.5 cents in New England.

ages paid farm labor have been consistently lower in Quebec than in the New gland States, as shown by the following table:

Cash wages paid per month for farm labor.[1]

	Quebec, Canada.[2]	Maine.	New Hampshire.	Vermont.	Massachusetts.	Connecticut.
	$14	$34	$36	$35	$37	$36
	12	26	25	26	25	23
	12	26	25	27	25	25
	15	29	29	30	30	30
	27	36	33	35	38	35
	28	46	42	43	43	44
	35	49	45	45	45	45
	40	57	55	52	55	56

uebec, from the Monthly Bulletin of Agricultural Statistics for February, 1920 and 1921, published by Dominion Bureau of Statistics. New England States, from the Monthly Crop Reporter, United States rtment of Agriculture.

Monthly cash farm wages in Quebec were arrived at by dividing the annual wages and board, reported ales, by 12 and subtracting therefrom the value of board. The price of board is reported as: 1910, $12; $13; 1915, $13; 1916, $16; 1917, $17; 1918, $20; 1919, $23; 1920, $24.

Results of investigation made by the New England Dairy Tariff Committee, 1921.

	Quebec.	Maine.	New Hampshire.	Vermont.	Massachusetts.	Connecticut
Cash	$36	$47	$53	$41	$42	[illegible]
Board	22	26	28	27	33	[illegible]
Total	58	73	81	68	75	[illegible]

Other costs.—The percentage of total costs represented in feed and labor is esti-mated at a larger amount in Quebec than in New England, for the reason that a study of housing, dairy equipment, and cow interest and depreciation charges show lower costs for these items in Canada than in New England. This study, made from the Boston (Mass.) dairy division, shows the following barn scores for representative areas in Quebec and the New England States, both of which have been shipping milk to Boston for the same period of time:

Barn scores—Vermont and Quebec.

Locality.	Number of farms scored.	Per cent of farms scoring under 50 per cent.	Range of score.	Average score of 70 farms.
Milton, Vt.[1]	70	21.43 (15 farms)	39-65	[illegible]
Hereford, Quebec [1]	70	52.85 (37 farms)	39.2-66	[illegible]
Shelburne, Vt.[2]	70	42.85 (30 farms)	31.7-64	[illegible]
Sutton, Quebec [2]	70	62.85 (44 farms)	26.9-60	[illegible]

[1] Old territory, shipping to Boston for some time.
[2] New territory, shipping to Boston only recently.

These barn scores indicate that the cost of housing cows and equipment for han-dling of dairy products is lower in Quebec than in the New England States. The survey of Canadian farms indicated a like condition.

Interest and depreciation on cows.—Another item of importance in the "other costs" is interest and depreciation on cows. According to the Dominion Monthly Bulletin of Agricultural Statistics for February, 1921 (p. 52), the average value per head of milch cows for 1920 in Quebec was $75. The weighted average value of milch cows for the New England States according to the United States Bureau of Crop Estimates, as published in the Crop Reporter, throughout the year 1920, was $10[illegible]; in other words, the interest and depreciation charges on cows in the Province of Quebec was approximately 75 per cent of what they were in the New England States.

Cream costs.—Cream costs were determined by subtracting the value of skim milk from the costs given for milk. The value of the skim milk is based on the value of one-half bushel of corn, which in corn meal for April 15, 1921, was 56 cents per hun-dredweight. This gives the value of skim milk (85 pounds in 100 pounds of milk) as 48 cents, which when subtracted from the cost of 100 pounds of milk gives the cost of 1.2 gallons of 36 per cent cream as $2.45 in New England and $1.97 in Quebec. The cost per gallon is $2.04 in New England and $1.64 in Quebec, a difference of 40 cents per gallon in favor of Quebec.

Butter costs.—In determining the butter costs, the value of skim milk is estimated per 100 pounds as being equal to the value of one-half bushel of corn, which in corn meal for April 15, 1921, was 56 cents per hundredweight. This gives the value of skim milk (85 pounds in 100 pounds of milk) as 48 cents, which when subtracted from the cost of 100 pounds of milk gives the cost of butter fat sufficient to make [illegible] pounds of butter, allowing for a 3.7 per cent milk and a 20 per cent churn as $2.45 in New England and $1.97 in Quebec. The cost per pound in New England is 55 cents and in Quebec 45 cents, a difference of 10 cents per pound in favor of Quebec.

EXHIBIT B.

RELATIVE COSTS, UNITED STATES AND DENMARK.

Items of cost.—The principal items entering into the cost of keeping a cow are feed, or, and overhead costs, including interest and depreciation on cow's housing, etc.)f these items, feed makes about 50 per cent, labor 30 per cent, and other costs ut 20 per cent of the total costs.

Feed.—The only costs of feed used in Denmark which are obtainable are quo-ions for cottonseed-oil cake, which quotations show prices to be about 7 per cent er in the United States than Denmark last summer and this spring.

Wholesale prices of 43 per cent cottonseed meal, per ton f. o. b.

Date.	Copenhagen.[1]	Boston.[2]	Chicago.
ust, 1920	$72	$67	$67
uary, 1921	43	42	38

[1] rom report of American consul in charge, Copenhagen, Denmark.
[2] rom the Market Reporter, published by U. S. Department of Agriculture.

abor.—A comparison of labor costs between United States and Denmark shows ı labor in the United States to be from 150 per cent to 200 per cent above that of mark.

ual wages paid farm laborers, including cost of board, in Denmark and the United States.

	Denmark.		New England, men.	Northern United States dairy sections, men.
	Men.	Women.		
	$168	$120	$513	$520
	213	154	568	567
	347	240	877	845

ie average wages per hour for farm labor in 1920 was two and a half times as high e United States as in Denmark.

ge wages by the hour for farm laborers in Denmark and the United States for 1920.

[Rate of exchange: 1 ore=$0.00186.]

Class.	Denmark.[1]	New England.[2]	Northern United States dairy section.[2]
laborers	$0.18		
ıas	.17	$0.42	$0.47
ı trader	.17		

[1] m report of American consul in charge, Copenhagen, Denmark.
[2] m the Crop Reporter, published by the U. S. Department of Agriculture.

rhead costs.—The only items obtainable of overhead costs are the average s of milch cows, but these prices given are not directly comparable for the reason the prices for cows quoted by the American consul in Denmark are largely for bred cows for export, a much better class of stock than those quoted in the Crop rter for the United States. A comparison of these prices indicates that cows in nark are valued about 30 per cent above their value in the United States.

Average price of milch cows per head.

Year.	Denmark.[1]	New England.[2]	Northern United States dairy section
1914	$83	$64	[illegible]
1918	165	83	[illegible]
1920	167	110	[illegible]

[1] From report of American consul in charge, Copenhagen, Denmark.
[2] From the Crop Reporter, published by the U. S. Department of Agriculture.

Weighted cost of keeping a cow.—If these three items of cost were weighted [illegible] basis of their normal relationships and importance, it would appear that the cost [illegible] keeping a cow was about 35 per cent higher in the United States than in Denmark.

Weighted cost of keeping a cow in United States as compared with Denmark.

Item of cost.	Weighted importance.	United States percentage of Denmark cost.
		Per cent
Feed	50	[illegible]
Labor	30	[illegible]
Overhead	20	[illegible]
Weighted costs	100	[illegible]

Exhibit C.

INCREASED PRICE LEVEL ON BUTTER REQUIRES HIGHER RATES.

Change in price level makes higher duty necessary to provide same protection.—Previous to 1890 the duty on butter had been in the main from 4 to 5 cents per pound. In that year a duty of 6 cents per pound was placed on butter. This was reduced [illegible] 4 cents in 1894 and again raised to 6 cents in 1897, at which point it remained [illegible] the Underwood tariff act in 1913 reduced the rate to 2½ cents per pound. In [illegible] the market price of butter was about 20 cents per pound. The chart[1] shows the [illegible] of prices of butter from 1897 to 1921. Judging from this trend, the price of [illegible] should settle for the year between 30 and 40 cents. Assuming that 6 cents a pound duty on butter was correct in 1897 (which can be assumed since it was not changed in 1909), when butter sold for 20 cents per pound, 10 cents per pound duty [illegible] required at present to give the same protection to butter producers as was given [illegible] 1897.

Exhibit D.

COMPARISON OF TARIFF RATES ON CREAM AND BUTTER AND THE PROFITS WHICH [illegible] BE MADE IN SHIPPING CREAM TO UNITED STATES TO BE MANUFACTURED OVER MANUFACTURING BUTTER IN CANADA FOR SALE IN UNITED STATES.

[Expressed in Canadian currency.]

After paying the duties now carried by the permanent tariff bill (pars. [illegible] 709, and 710) a Canadian creamery within 60 miles of the United States border [illegible] in September, 1921, have made $0.21 (United States money) per gallon more on shipping cream to the United States to be manufactured into butter than it could to manufacture the cream into butter in Canada and ship the same to the United States [illegible] sale.

The Province of Quebec produces 51 per cent of her butter within 60 miles [illegible] the United States border, while 80 per cent of Ontario butter is within this [illegible] These two Provinces produce 70 per cent of the butter manufactured in creameries [illegible]

[1] Omitted in printing.

anada. This comparison of costs demonstrates that the duty on heavy cream should increased to at least 31 cents per gallon to equalize with an 8-cent duty on butter.

The following shows the cost of operation and delivery at the United States order of 10 gallons of 50 per cent cream made into butter under the two following ethods:

Shipping the cream to a creamery in the United States and there having the itter manufactured and selling the same in the United States, paying duties of cents per gallon on the cream.

Manufacturing the cream into butter at a creamery in Canada and then shipping butter to the United States for sale, paying a duty of 8 cents per pound on the tter.

Summary.

thod No. 1:	
Gain on shipping heavy cream to United States, paying 10 cents per gallon duty and manufacturing such cream into butter here (per 10 gallons of cream)	$4.61
thod No. 2:	
Gain on manufacturing cream into butter in Canada and shipping butter to the United States for sale, paying duty of 8 cents per pound on the butter (per 10 gallons of cream)	2.29
Difference in favor of shipping cream to United States for manufacturing into butter here, paying cream duty, over manufacturing cream into butter in Canada shipping butter here, paying butter duty (per 10 gallons of cream)	2.32
Per gallon difference in favor of shipping cream, 0.232	.23
Difference expressed in United States dollars (divide by 109.5 per cent per gallon of cream)	.21

thod No. 1—Shipping cream and manufacturing it into butter in United States.

amery buys on flat Montreal quotation, 10 gallons of 50 per cent cream containing 41 pounds butter fat, at 36 cents	$14.76
tion expenses for handling cream per can	.50
t of cans in which to ship cream	.03
ight on cream to United States	.25
ty on 10 gallons cream, at 10 cents per gallon	1.00
Total cost of cream delivered at a butter plant in United States	16.54
t of manufacturing butter 49.2 pounds, allowing 20 per cent overrun, at 5 ents per pound	2.46
Cost in United States	19.00
ling price of butter in United States, 49.2 pounds, at Boston Chamber, .4383 plus 9½ per cent premium on Canadian currency, $0.4799 per pound.	23.61
Gain per 10 gallons on cream	4.61

Method No. 2—Manufacturing butter in Canada and shipping to United States.

allons 50 per cent cream, 41 pounds butter fat, at 36 cents per pound	$14.76
t of making butter, 49.2 pounds (allowing 20 per cent overrun), at 5 cents er pound	2.46
ight to border, 49.2 pounds, at $0.0033 per pound	.16
ty, 49.2 pounds, at 8 cents per pound	3.94
Total cost of butter at United States border	21.32
ing price of butter in United States, at Boston Chamber, for September, .4383 per pound, plus 9.5 per cent premium on Canadian currency, $0.4799 er pound	23.61
Gain on shipping butter to United States	2.29

Items of cost.

ream.—Cream for butter purposes is purchased from the Canadian producers the flat quotation for finest creamery butter at Montreal. The average quotation this butter for September, 1921, was $0.36 per pound. (Trade Bulletin, Montreal.)

Station expense.—A charge of 50 per cent per can for station expense is made. This expense to cover the cost of receiving the cream from patrons, separating the same, and loading onto cars. There would be a residual item of skim milk which has not been considered here.

Can charge.—A charge of $0.03 per can is made to cover interest and depreciation on cans. This is the cost as reported by Boston milk dealers to the New England Federal Milk Commission. A 10-gallon jug costs new about $5.25 and will last about five years.

Freight.—Freight charges are taken from railroad traffic rates on cream for a 60-mile haul.

Duties.—Duties are figured at rates now carried for cream and butter in the permanent tariff bill; cream, over 30 per cent, 10 cents per gallon; butter, 8 cents per pound.

Cost of manufacturing butter.—A cost of 5 cents per pound in manufacturing butter is recognized by the trade generally, as also is the 20 per cent overrun on butter fat.

Selling price of butter in United States.—The average September quotation of the Boston Chamber of Commerce for creamery extras was $0.4383 per pound. Canadian currency averages 9½ per cent premium for the month of September.

Freight on butter.—Obtained from Boston & Maine Railroad schedules of freight rates.

EXHIBIT E.

HISTORY OF DAIRY INDUSTRY IN NEW ENGLAND AND CANADA.

Changes in source of Boston's milk supply.—During the past 20 years there has been a rapid moving back of the source of Boston's milk supply with decreased supply coming from near-by Massachusetts and southern New Hampshire, resulting in increased supply from Vermont and recently the starting of shipments from Canada and northern New York.

Importance of dairying to the New England farmer.—Dairying provides the main source of income for the New England farmer. In 1919 the total income from the sale of dairy products was over $94,000,000.

Receipts from sale of dairy products, New England States, 1919.

[Fourteenth United States Census.]

Maine	$15,541,[illegible]
New Hampshire	9,62[illegible]
Vermont	26,634,[illegible]
Massachusetts	24,27[illegible]
Connecticut	14,38[illegible]
Rhode Island	3,7[illegible]
Total, New England	94,240,[illegible]

New England farms.—Proper protection to the New England farmer would do considerable to offset the decline in the number of farms which has taken place during the past 10 years, which ranges from 11 per cent in Vermont to 24 per cent in New Hampshire.

Number of farms in New England.

[Fourteenth United States Census.]

	1900	1910	1920	Per [illegible]
Maine	59,299	60,016	48,227	[illegible]
New Hampshire	29,324	27,053	20,523	[illegible]
Vermont	33,104	32,709	29,075	[illegible]
Massachusetts	37,715	36,917	32,001	[illegible]
Connecticut	26,948	26,815	22,655	[illegible]
Rhode Island	5,498	5,292	4,083	[illegible]
Total, New England	191,888	188,802	156,564	[illegible]

Cows in New England.—The number of cows in New England have shown a ady decline up to the period of high war prices of 1915–16, at which time the patri- c appeal for greater production of agricultural products resulted in an increased mber of dairy cows. Below are given the number of cows and heifers over 2 years l by census periods:

Number of dairy cows and heifers over 2 years old.

[United States Census.]

	1900	1910 [1]	1920
ne	173,592	139,392	175,425
Hampshire	115,036	90,271	95,997
mont	270,194	235,889	290,122
sachusetts	184,562	155,269	147,331
necticut	126,434	109,913	112,622
de Island	23,660	21,421	21,431
Total, New England	893,478	752,355	842,928

910 census reported number of dairy cows and heifers over 15½ months old. These have been corrected s to be comparable with 1900 and 1920 census, which reported cows and heifers over 24 months old.

'he statement of the number of cows as given by the various State assessors ws the decline in number of cows up to the war period.

Number of cows as reported by State assessors in New England.

Year.	Maine.	New Hampshire.	Vermont.[1]	Massachusetts.	Connecticut.
	132,339	92,082	....	166,048	154,271
	135,869	94,467	....	166,500	149,279
	138,065	92,879	....	161,608	154,463
	135,088	89,510	227,039	151,276	151,276
	130,661	86,438	223,911	147,209	144,481
	133,890	87,944	234,783	145,016	143,997
	137,656	87,464	242,495	145,049	148,352
	141,135	89,316	236,119	149,077	150,737
	149,905	93,013	242,152	150,789	153,264
	152,617	89,830	232,953	148,511	153,811
	....	....	244,126	153,489	....

Figures previous to 1913 not available.

Exhibit F.

FERENCE IN STANDARD OF LIVING IN TERRITORY IN QUEBEC SUPPLYING BOSTON WITH DAIRY PRODUCTS AND COMPETING TERRITORY IN NEW ENGLAND STATES.

Women and children milking.—At the same time that the relative cost of feed and or was obtained for Quebec and for the New England States information was also ained as to the relative standard of living in the two sections. In general, one ld say that judged by the percentage of farms reporting modern conveniences in houses, such as running water, furnaces, musical instruments, bathrooms, etc., t the Quebec farmers were considerably ahead of the New England farmers. s, however, was offset by the fact that 50 per cent of the farms in Quebec territory orted that their wives did milking, while in New England only two States reported wife milking—Massachusetts, where 9 per cent of the farms reported this condition, h 11 per cent in New Hampshire. Again, in Quebec 20 per cent of the farms orted the daughter milked, while the only New England State reporting this con- ion was New Hampshire, where only one daughter helped with the milking; 42 cent of the sons under 18 were reported as doing milking in Quebec, and from 20 cent to 30 per cent of the same class of labor in the New England States. In gen- l, the size of the family ranged somewhat larger in Quebec than in New England tes, being 5.3 persons per farm in Quebec and from 3.4 in Maine to 4.8 in Vermont.

Sanitary conditions.—This survey brought out the fact that sanitary conditions of milk production were better in the New England States than in Quebec. The fact that 30 per cent of the Quebec farms surveyed reported ice houses and 50 per cent milk houses, while in New England States, on the farms surveyed, from 74 per cent in Massachusetts to 100 per cent in Maine and Vermont reported ice houses, while from 65 per cent in Massachusetts and 92 per cent in Vermont reported milk houses indicates better care of the dairy products in New England than in Quebec. In order to produce a good grade product and have it in wholesome condition when it reaches the market ice houses and milk houses are essential.

Standard of living—Quebec and New England States.

Item.	Quebec.	Maine.	Vermont.	Massachusetts.	Connecticut.	New Hampshire.
Total number of farms	77	39	25	23	29	[illegible]
Average number of cows	20	6.8	20	11	13	[illegible]
Average size of farm	179	128	257	149	127	[illegible]
Average miles from shipping point	3	4.4	2	4.3	6	[illegible]
LABOR.						
Per cent of farms reporting—						
Hired men	53	10	58	43	75	[illegible]
Wife milking	45	0	0	9	0	[illegible]
Daughters milking	20	0	0	0	0	[illegible]
Sons under 18 milking	42	0	4	35	21	[illegible]
Sons over 18 milking	29	20	6	22	3	[illegible]
Operators milking	93	90	88	83	93	[illegible]
FARM FAMILY.						
Average number of persons in family	5.3	3.4	4.8	4.2	4.0	[illegible]
Average number of boys under 18	1.2	0.4	0.6	0.9	0.6	[illegible]
Per cent in school	54	81	53	60	66	[illegible]
Average number of boys over 18	0.4	0.3	0.2	0.2	0.2	[illegible]
Per cent in school	0	36	0	50	26	[illegible]
Average number of girls under 18	1.1	0.2	0.4	0.7	0.9	[illegible]
Per cent in school	60	77	36	70	52	[illegible]
Average number of girls over 18	2.4	0	(1)	0.2	0.2	[illegible]
Per cent in school	5	....	....	66	0	[illegible]
STANDARD OF LIVING.						
Average number of rooms in house	8.3	7.6	10.2	10	11	[illegible]
Per cent of farms reporting—						
Running water in house	50	21	24	96	52	[illegible]
Furnace	41	8	12	30	48	[illegible]
Piano	41	27	52	57	55	[illegible]
Organ	20	23	24	35	8	[illegible]
Phonograph	17	17	44	39	66	[illegible]
Papers and books	83	100	96	91	97	[illegible]
Bathroom	20	3	8	52	31	[illegible]
BARN EQUIPMENT.						
Per cent of farms reporting—						
Milking machines	9	21	56	8	14	[illegible]
Litter carriers	34	....	40	8	31	[illegible]
SANITARY CONDITIONS.						
Per cent of farms reporting—						
Ice houses	32	100	100	74	56	[illegible]
Milk houses	52	85	92	65	86	[illegible]

[1] One in school.

Exhibit G.

NEW ENGLAND'S MILK, CREAM, AND BUTTER SUPPLY.

The main source of Boston's milk supply at present is Vermont, which furnishes [illegible] per cent; Maine is second, with 16 per cent; New Hampshire, 15 per cent; New York, 12 per cent; Massachusetts, 9 per cent; Connecticut, 3 per cent; and Canada, [illegible] 1 per cent.

Railroad milk shipments to Boston, 1919.

State.	Gallons.	Per cent.	State.	Gallons.	Per cent.
e	5,680,000	16	Connecticut	1,070,000	3
Hampshire	5,250,000	15	Canada	210,000	1
ont	15,600,000	44			
York	4,300,000	12	Total	35,480,000	100
chusetts	3,370,000	9			

e largest shipments of milk from Canada to Boston occur during the summer ths.

Milk shipments from Canada to Boston, by months, 1919.

Month.	Gallons.	Month.	Gallons.
ry	9,400	August	32,700
ary	7,800	September	44,600
l	4,800	October	30,200
	2,600	November	17,400
	8,500	December	5,900
	18,200		
	28,600	Total	210,200

e total shipments of cream from New England and Canada to Boston in 1919 approximately 3,600,000 gallons.

Cream shipments to Boston, 1919.

State.	Gallons.	Per cent.
	872,000	25
lampshire	382,000	11
nt	1,620,000	44
ork	240,000	6
husetts	75,000	2
cticut	400	....
Total, New England	2,189,400	88
e	416,300	12
Grand total	3,605,700	100

time of the heaviest shipments of cream to Boston from Canada occur during ummer months, with 71,000 gallons in June, compared with 12,000 gallons in mber.

Cream shipments to Boston from Quebec points in 1919, by months.

Month.	Gallons.	Month.	Gallons.
ry	8,940	August	49,040
ary	7,540	September	54,800
	12,700	October	36,250
	27,100	November	20,620
	49,040	December	12,420
	71,530		
	66,300	Total	416,280

ton does not need Canadian milk and cream.—That Boston does not need the lian production to give an adequate supply of cream is shown by the fact that 19, according to the United States Department of Agriculture, 15,799,023 pounds

of butter was manufactured in the New England States, which, if needed to give additional cream to replace the Canadian supply, would have furnished 4,500,000 gallons of cream of 36 per cent butter fat, 11 times the amount required. Boston obtained its largest amount of cream from Quebec in June, when 72,000 gallons were shipped. The butter production in New England would have furnished 666,000 gallons of cream, or over nine times the amount required to replace the Canadian production.

Butter production (in pounds) in New England, 1919–20.

[U. S. Department of Agriculture, Bureau of Markets.]

Month.	Maine.	New Hampshire.	Vermont.	Massachusetts.	Connecticut.	Rhode Island.	Total, New England States.	Equivalent gallons of 36 per cent cream.
1919.								
January	45,303	28,662	655,634	116,323	57,465	5,122	908,509	[illegible]
February	64,253	24,497	532,938	124,024	66,367	4,756	816,835	[illegible]
March	124,347	32,113	754,168	227,759	76,005	5,420	1,219,812	[illegible]
April	150,501	33,419	921,723	283,479	97,398	4,759	1,491,279	[illegible]
May	188,866	47,157	1,301,960	405,933	117,218	10,758	2,071,892	[illegible]
June	189,948	53,769	1,487,109	470,314	119,046	3,596	2,323,782	[illegible]
July	109,915	36,751	1,180,761	348,033	83,052	5,288	1,763,800	[illegible]
August	56,243	26,290	834,422	223,804	70,481	5,586	1,216,826	[illegible]
September	58,560	26,859	733,804	202,269	66,842	5,649	1,093,983	[illegible]
October	43,435	24,179	819,706	171,214	70,022	5,237	1,133,793	[illegible]
November	30,777	19,269	576,559	121,448	49,751	4,674	802,478	[illegible]
December	64,459	21,194	660,570	149,624	55,640	4,547	956,034	[illegible]
Total	1,126,607	374,159	10,459,354	2,844,224	929,287	65,392	15,799,023	[illegible]
1920.								
January	91,630	24,381	604,090	150,793	57,229	4,980	933,103	[illegible]
February	57,448	20,425	589,195	108,336	46,031	3,196	824,631	[illegible]
March	56,672	19,298	823,870	214,234	68,001	4,284	1,186,359	[illegible]
April	74,757	21,699	1,113,238	322,633	89,383	3,945	1,625,655	[illegible]
May	70,120	24,700	1,461,916	377,854	94,504	5,455	2,034,549	[illegible]
June	82,895	32,430	1,842,168	404,617	88,342	4,985	2,455,437	[illegible]
July	61,591	26,803	1,449,091	326,546	76,218	3,454	1,943,703	[illegible]
August	47,487	21,899	1,093,812	252,088	64,732	5,379	1,485,397	[illegible]
September	48,901	22,928	932,947	285,980	70,940	5,367	1,367,063	[illegible]
October	16,429	27,166	1,040,349	319,027	74,805	6,753	1,528,529	[illegible]
November	34,363	23,955	790,031	214,669	69,118	5,878	1,138,014	[illegible]
December	37,542	22,060	768,140	220,086	66,278	6,365	1,120,471	[illegible]
Total	723,835	287,744	12,508,847	3,196,863	865,581	60,041	17,642,911	[illegible]

In addition to the butter manufactured in creameries, over 14,000,000 pounds of butter was manufactured and sold from New England farms in 1919, which supply could also largely be used to replace the Canadian cream supply. This would have given over 4,000,000 gallons of 36 per cent cream.

Butter made and sold from farms in New England States.

[Fourteenth Census, year 1919.]

	Pounds.		Pounds.
Maine	6,945,411	Connecticut	1,13[illegible]
New Hampshire	2,272,752	Rhode Island	9[illegible]
Vermont	2,954,634		
Massachusetts	1,282,887	Total New England	14,67[illegible]

EXHIBIT H.

IMPORTATIONS OF MILK, CREAM, AND BUTTER FROM CANADA TO UNITED STATES.

The imports of fresh milk from Canada were low previous to 1913, when only 8,000 llons were imported, but have increased rapidly since that time, with fresh milk the free list, until in 1920 about 2,000,000 gallons were imported. During this riod cream has declined, due to the decrease in the duty on butter, which made it s profitable to buy cream for manufacture into butter in United States, and the nd of the industry changing from cream shipping to milk shipping.

Imports of milk and cream (in gallons) from Canada into the United States.

[Report of trade of Canada, Dominion Bureau of Statistics, years ending Mar. 31.]

Year.	Milk.	Cream.	Year.	Milk.	Cream.
[illegible]	58,102	1,823,821	1917	760,805	803,498
[illegible]	7,771	886,174	1918	1,116,362	585,601
[illegible]	7,939	820,360	1919	827,973	485,015
[illegible]	307,188	1,323,909	1920	1,985,113	795,780
[illegible]	477,692	1,895,575	1921	1,508,618	1,279,195
[illegible]	394,831	1,262,280			

ports of fresh milk and cream (in gallons) into United States from Canada by months, 1919–1921.

[Monthly reports of trade of Canada.]

Month.	Fresh milk.			Fresh cream.		
	1919	1920	1921	1919	1920	1921
ary	68,261	120,850	68,502	13,415	19,833	27,498
ruary	59,615	125,398	45,120	21,290	16,746	21,046
ch	74,732	144,339	96,206	14,409	41,168	31,606
	71,727	80,821	58,842	22,029	43,039	48,149
	140,906	86,604	130,433	67,707	81,526	128,249
	164,354	155,235		119,382	184,031	
	134,137	284,993		127,212	221,031	
st	210,447	133,717		101,753	169,004	
ember	231,540	241,293		99,448	194,166	
ber	270,979	106,045		91,227	144,425	
ember	195,130	142,105		55,271	110,050	
mber	175,304	67,977		34,004	51,773	

he United States reports of the domestic and foreign commerce for the calendar r of 1920 show that 94 per cent of the imports of milk and cream from Canada pass ugh the St. Lawrence and Vermont customs districts, 42 per cent passing through St. Lawrence district and 52 per cent through the Vermont district.

Imports of fresh milk and cream, calendar year 1920, by customs districts.

	Gallons.		Gallons.
ine-New Hampshire	3,099	Duluth	50
achusetts	2,300	Michigan	68,162
r York	145	Montana	9,248
Paso	1,350	St. Lawrence	1,756,260
shington	48,057	Vermont	2,148,833
ffalo	70,256		
kota	10,057	Total	4,117,817

The following table shows the tremendous increase in imports of butter which occurred after the imposition of the 2½-cent rate on butter in 1913.

Imports of butter by years into the United States from Canada.

[United States Foreign and Domestic Commerce.]

Year.	Butter.	Duty.	Year.	Butter.	Duty
	Pounds.	*Cents.*		*Pounds.*	*Cents*
1884	361,911	4	1903	68,005	[illegible]
1885	181,359	4	1904	27,568	[illegible]
1886	176,038	4	1905	462,819	[illegible]
1887	234,756	4	1906	15,020	[illegible]
1888	126,358	4	1907	147,938	[illegible]
1889	87,919	4	1908	223,509	[illegible]
1890	62,426	4	1909	348,032	[illegible]
1891	374,554	6	1910	930,036	[illegible]
1892	108,690	6	1911	415,480	[illegible]
1893	63,112	6	1912	629,109	[illegible]
1894	38,575	6	1913	351,242	[illegible]
1895	63,546	4	1914	722,329	[illegible]
1896	40,032	4	1915	1,277,877	[illegible]
1897	26,819	4	1916	372,066	[illegible]
1898	17,608	6	1917	311,257	[illegible]
1899	14,720	6	1918	620,279	[illegible]
1900	23,465	6	1919	9,437,960	[illegible]
1901	10,497	6	1920	9,235,630	[illegible]
1902	365,538	6			

Supplemental Brief.

The New England Dairy Tariff Committee begs leave to present some facts whi[illegible] should be taken into consideration in the framing of a tariff on milk, cream, a[illegible] butter. We believe that the United States producers of dairy products should [illegible] given protection equal to the difference in the cost of production between the Unit[illegible] States and competing foreign countries. The importance of the dairy industry [illegible] New England is shown by the fact that dairy products valued at over $94,000,0[illegible] were sold from New England farms in 1919.

The cost of production secured for the New England States and the Province [illegible] Quebec for the month of April show a difference at this time in favor of Quebec [illegible] 3½ cents per gallon for milk, 40 cents per gallon for cream, and 10 cents per pound [illegible] butter. It is confidently believed by the committee that the costs secured for [illegible] period are nearer together than in normal times, since the decline in the cost of lab[illegible] and feed is taking place near the industrial centers more rapidly than in the outly[illegible] districts. It was also evident, from the household conveniences found in the Canad[illegible] Province, that dairy farming has been more profitable there, due possibly to the m[illegible] general engagement of the wives and daughters in the milking and other dairy opera[illegible]tions in Quebec.

There has been a continuous decrease in the number of farms in operation and [illegible] number of cows in New England for 30 years. This is due to only one thing—u[illegible] attractive returns, often actual losses. That live-stock husbandry is necessary to [illegible] maintenance of fertility and to providing a market for roughages produced in Ne[illegible] England is undisputed. On a general scale dairying offers the only solution to th[illegible] problem.

The use of dairy products by the urban population is greatly below what it should b[illegible] This is due to two things, viz, lack of appreciation of their importance, and th[illegible] difficulty of securing a fresh, uniform, wholesome product from remote regions. Bus[illegible]ness men everywhere agree that without a prosperous and thriving agricultur[illegible] contented industrial class is impossible.

ORGANIZATION OF THE COMMITTEE.

As a result of unfavorable conditions existing in the dairy industry, which ha[illegible] been developing for the past 20 years, there was brought together a representativ[illegible] body at Boston on February 24, 1921, to consider a tariff on dairy products with [illegible] view to bringing these matters to the attention of the United States Congress. Repr[illegible]sentatives from practically all of the State Dairymen's Association, State departmen[illegible] of agriculture, State granges, and State agricultural colleges of the New Engla[illegible]

ates were present. In addition, the Eastern New York Milk Producers and the ew England Milk Producers' Association were represented.

As a result of the action taken at this meeting each State group selected a representative to carry out the necessary work of formulating a tariff schedule. This oup consists of W. N. Cady, Vermont State Grange, chairman; O. M. Camburn, assachusetts State Department of Agriculture, secretary; J. W. Alsop, Connecticut airyman's Association; H. N. Sawyer, New Hampshire Farm Bureau; M. D. Jones, aine Agricultural College; G. R. Little, Eastern New York Milk Producers; J. J. inn, Rhode Island State Department of Agriculture; and W. H. Bronson, New gland Milk Producers' Association.

THE SCHEDULE OF TARIFFS NEEDED.

For the protection of the dairy industry in New England the committee has formued the following minimum duties: For milk, 3½ cents per gallon; for cream, 35 its per gallon; for butter, 10 cents per pound.

DAIRY CONDITIONS.

In New England the number of farms as reported by the United States census ve shown a marked decline in each State for 20 years, ranging from 11 per cent Vermont to 24 per cent in New Hampshire since 1910. Up to the beginning of h prices for dairy products in 1915–16 the number of cows in New England had adily declined. Dairying is the main source of income to the New England mer. Adequate protection on dairy products would do considerable to bring iculture in New England back to a more prosperous condition.

COST OF PRODUCTION.

The cost of production of dairy products in the Province of Quebec is lower than in the New England States.

Milk.—The cost of producing 1 gallon of 3.7 per cent milk is $0.041 cheaper in Province of Quebec, Canada, than in the New England States. Transportation rges to Boston favor the New England producer to the amount of $0.0065 per lon, which when subtracted from the $0.041 leaves the difference in favor of Quebec 0.0345 per gallon.

Cream.—Based on these costs, the cost of producing 1 gallon of 36 per cent cream 0.40 per gallon less in Quebec than in New England. Transportation charges Boston is $0.006 per gallon less from the New England center of production than n the Quebec center of production, which when subtracted from the $0.40 leaves difference in favor of Quebec of $0.394 per gallon.

Butter.—Based on the costs of milk, the cost of producing 1 pound of butter is 10 ts less in Quebec than in New England. Transportation to Boston of butter n the center of production in New England is $0.0003 per pound less than from Quebec shipping point, which when subtracted from the 10 cents leaves the erence in favor of Quebec of $0.0997 per pound.

SPECIFIC DUTY DESIRABLE ON MILK, CREAM, AND BUTTER.

rom an administrative standpoint, and due to trade practices, a specific duty milk, cream, and butter is desirable.

n 1897, when butter sold for 20 cents per pound, a duty of 6 cents per pound was pted. At the present price level of butter, a duty of at least 10 cents per pound ld be necessary to give the same protection.

CANADIAN MILK AND CREAM NOT NECESSARY TO SUPPLY NEW ENGLAND NEEDS.

he New England farmer can supply New England's needs for milk and cream. 1919, when 416,000 gallons of cream were shipped from Canadian points to Boston, butter produced by New England creameries would have provided 4,500,000 lons of 36 per cent cream, or eleven times the amount necessary to replace the adian shipments.

he butter production in New England would have supplied nine times the amount ded to replace Canadian cream shipments to Boston for the month of heaviest pment (June). The butter would also have provided a large amount of additional k if more milk had been needed.

Butter imports from Canada have increased from 350,000 pounds in 1913 to over 00,000 pounds in 1920.

STANDARD OF LIVING.

The standard of living in Quebec is lower than in New England when measured by the question as to whether or not the wife and daughters help milk and higher than in New England when measured by the question as to whether or not the house has conveniences such as running water, furnaces, and bathrooms. The presence of these latter conveniences indicates more profitable dairy production in Quebec than in New England.

Sanitary facilities for producing milk such as ice houses and milk houses are much less numerous in Quebec than in New England.

TARIFF SCHEDULES ON OTHER PRODUCTS.

The dairy farmer deserves a protection which is as effective as that applied to other industries, in order to encourage and maintain an intelligent class in the production of this most essential product, and in the preservation of farms in a high state of fertility.

IMPORTED OILS A MENACE TO THE DAIRY INDUSTRY.

In recent years the consumption of oleomargarine has increased tremendously, and at present 1 pound is consumed to each 2 to 3 pounds of butter eaten. The importation of vegetable oils, used largely for this purpose, has increased from eighty-two and one-half millions of pounds in 1912 to seven hundred and eighty-one millions in 19[illegible] and four hundred and thirty-five millions in 1920. This has been an important factor in promoting losses to dairymen throughout the country, and it may have damaged materially the health of the Nation. The New England farmer desires to see adequate protection against these products.

THE IMPORTANCE OF MILK IN THE DIET.

Eminent scientists and health authorities now recognize milk and its products as the most nourishing of all foods in daily use. The vitamines, present in abundance, are essential to growth, health, reproduction, and longevity. These are supplied most abundantly in fresh milk produced near the consuming centers and from cows whose ration consists of green foods for a considerable portion of the year. In these respects New England products are superior to those of Canada as a source of vitamines.

STATEMENT OF CHARLES W. HOLMAN, REPRESENTING THE NATIONAL PRODUCERS' FEDERATION AND VEGETABLE OIL TARIFF COMMITTEE OF THE NATIONAL BOARD OF FARM ORGANIZATIONS.

Mr. HOLMAN. Mr. Chairman, on behalf of the Associated Dairymen of California, who can not have their office representative present, through our federation they wish to file a supplementary brief to the one which is of the hearings of November 14.

I am referring now to the former brief filed by the Associated Dairymen of California in respect primarily to casein and sugar of milk, in which they are asking for a duty of 4½ cents a pound on both those products, and their arguments to sustain them.

SUPPLEMENTAL BRIEF OF ASSOCIATED DAIRYMEN (INC.) OF CALIFORNIA.

The original brief and the argument and figures herewith submitted were prepared jointly by the Associated Dairymen of California (Inc.), a State-wide organization of dairymen and representing 10,000 dairymen of the State of California, and by the California Central Creameries, one of the very large manufacturing companies in the United States which produces one-sixth of the butter made in California, and has produced and is prepared to produce any of the known by-products of milk.

The Associated Dairymen of California undertakes to speak for 10,000 dairymen who own and control 17 manufacturing plants in the State.

The Associated Dairymen of California requested the assistance of the California Central Creameries in the preparation of the first brief and of this argument for the reason that the California Central Creameries owns and operates plants located in the extreme northwestern county of California, Del Norte, to the southeastern county of California, Imperial. Its manufacturing experiences and those of the units of the

ssociated Dairymen of California jointly give an accurate representation of the airy products manufacturing situation of the State.

Consideration of proper tariff rates is an economic problem and the facts and figures resented herewith are the combined results obtained from plants of various sizes, rge and small.

Tariff rates on milk products of whatever kind should have a definite relationip one to the other.

In the brief previously filed it is set forth that the duties proposed in H. R. 7456 the better known of the milk products resolve themselves into rates equivalent from 40 to 50 cents per hundred pounds of raw milk.

Thus the duty of 8 cents per pound proposed on butter is equivalent to 40 cents er hundred pounds of milk from which it is produced, assuming 4 per cent milk nd a production of 5 pounds of butter per hundredweight of milk. The dairy ganizations of the United States are asking for a duty of 10 cents a pound on butter, hich is the equivalent of 50 cents per hundredweight of milk.

The proposed duty of 5 cents per pound on cheese valued at less than 30 cents per ound is equivalent to a duty of 50 cents per hundred pounds on the milk used in s manufacture, assuming a production of 10 pounds of cheese to each hundredeight of milk used in its production.

Similarly the proposed duty on sweetened condensed milk, by H. R. 7456, is the quivalent of 28 cents per hundredweight of milk; and the proposed duty on unweetened evaporated milk is the equivalent of 43.6 per hundredweight on the ilk used in its manufacture.

But the rates of duty provided by H. R. 7456 for raw (whole) milk or for any other f the dairy products, have no relationship to the duties provided for butter, cheese, nd evaporated milk.

For instance a duty of 1 cent a gallon is provided for whole raw milk, which is the quivalent of 12 cents a hundredweight.

A duty of 5 cents a gallon is provided in H. R. 7456 for cream up to 30 per cent f butter fat, an equivalent of only 6 cents per hundredweight on raw milk.

A duty of 1½ cents per pound is provided in H. R. 7456 for skim-milk powder, the quivalent of 13½ cents per 100 pounds of milk.

Casein (lactarene) is placed on the free list by H. R. 7456. So, too, is sugar of milk.

It is to direct attention to these inequalities, and to ask for their adjustment that this tatement is offered.

DISPOSITION OF SKIM MILK.

After cream has been separated from milk by the usual mechanical process, there emains sweet skim milk.

The disposal of this sweet skim milk is to-day one of the problems of the dairy ndustry. It is too bulky and too low in value to be transported to the cities for eneal sales. In fact, it is disposed of by one of the four following methods:

First. It can be fed to hogs and other stock. A wasteful process of converting one good food into another and far less quantity of food.

Second. It can be converted into skim-milk powder. This industry is of recent origin in the United States, but it is a growing one. The skim-milk powder, carrying practically no fat, can be kept almost indefinitely. Baking companies everywhere are using it. To introduce it into general household use is the present problem of those manufacturing it. It is being produced on a large scale in New Zealand and Australia, and can be shipped to the United States more easily than butter, as it requires no refrigeration.

Theoretically, from 8½ to 9 pounds of powdered skim milk should be produced from 100 pounds of milk, but in actual practice the recovery is from 7 to 8 pounds.

Many States in the Union have produced skim-milk powder.

The United States production of skim milk powder in the calendar year 1920 was 41,893,000 pounds, of which California produced 7,348,000 pounds, or between 17 and 18 per cent.

In the first six months of 1921 the production in the United States was as follows:

	Pounds.
January	1,513,000
February	1,426,000
March	1,826,000
April	3,326,000

	Pounds.
May	4,430,000
June	4,370,000
Total	16,891,000

In the first six months of 1920 the production was 24,953,000 pounds.

Production has been decreased by the low price and, in California, inability to secure lower overland freight rates than are now charged.

Powdered skim milk is selling in the San Francisco market at from 8 to 9 cents a pound.

COST OF PRODUCTION.

We herewith submit the report of the Northern California Milk Producers' Association for the six months ending December 31, 1920:

5,092,400 pounds of skim milk, at 30 cents per 100	$15,2[illegible]
Manufacturing cost	25,169.91
Total	40,447.11

The production was 363,091 pounds of powdered milk and the cost was 11.14 cents per pound.

For the period beginning January 1 and ending September 30, 1921, the cost was as follows:

3,042,900 pounds of skim milk, at 30 cents per 100	$9,12[illegible]
Manufacturing cost	18,647.[illegible]
Total	27,776.[illegible]

The total yield was 216,959 pounds and the cost of production was 12.81 cents a pound.

The California Central Creameries report the following costs: For 1920, dry skim milk made, 5,119,907 pounds; average cost per pound, 11.57 cents. For 1921, dry skim milk made, 5,239,474 pounds; average cost per pound, 8.59 cents.

The reason for the apparent cheapness of production in 1921 is that the California Central Creameries estimated its skim milk value this year at 30 cents per hundred pounds.

Third. Skim milk can be used in the production of casein and sugar of milk, one process being the complement of the other. The process consists of coagulating the casein in skim milk by means of an acid. The casein is separated from the remaining whey, washed, dried, and ground, generally finding its market in New York and eastern centers.

There remains in the whey sugar of milk to the extent of perhaps 3½ per cent of sugar and some albumen. The albumen is utilized as chicken feed and need not be further considered in this relation. The whey is boiled down in vacuum pans in the manner used in sugar refineries and for some uses must be subsequently refined.

CALIFORNIA'S INTEREST PARAMOUNT.

California's interest in the sugar of milk and the casein industry is paramount to that of any State in the Union.

In the last three years California has produced 40 per cent of the casein made in the United States. In 1920 California produced nearly 50 per cent of all of the sugar of milk. The Milk Producers' Association and certain private creamery concerns, the largest of which is the California Central Creameries, have installed the necessary plant and equipment. At present the plants are practically idle.

The chief competitor in the casein markets is the Argentine Republic, as will be seen by the following table of imports of casein into the United States in the years 1919 and 1920:

From—	1920		1919	
	Pounds.	Value.	Pounds.	Value.
France	368,810	$44,989	1,036,303	[illegible]
Norway			551	[illegible]
United Kingdom	2,257,387	264,542	222,404	[illegible]
Canada	25	5	385	[illegible]
Argentina	17,300,983	1,970,639	15,528,199	[illegible]
Brazil	201,066	20,840	33,046	[illegible]
British India	250,872	29,651	200,057	[illegible]
Japan	3,137	500		
Australia	179,502	21,255	56,009	[illegible]
New Zealand	677,040	79,245		
Total	21,238,822	2,431,666	17,076,926	[illegible]

The imports of casein for the first nine months of 1921 were 7,978,393 pounds, valued at $742,225. The chief country of origin, as in previous years, was the Argentine Republic. Attention, however, is directed to the fact that imports from Australia and New Zealand are developing.

Compare these heavy receipts from abroad with the American production, which, according to the Bureau of Markets, was as follows:

Casein production, in pounds.

Year.	Total, United States.	California.
918	10,935,548	4,551,644
919	13,685,243	5,596,192
920	(1)	4,765,000

[1] Not complete.

We can not compete with the Argentine casein, which usually is of the poorest uality and which has been sold in New York as low as 6¼ cents per pound. We can ot compete for two reasons, the cost of production and much higher transportation harges.

TRANSPORTATION CHARGES.

On November 10, 1921, in response to an inquiry as to transportation costs of casein om Buenos Aires to New York, the Associated Dairymen of California received the llowing telegram from W. R. Grace & Co., of New York:

SSOCIATED DAIRYMEN OF CALIFORNIA,
San Francisco, Calif.:

Casein, Buenos Aires to New York, we have no steamers. Lamport & Holt quote and Munson Line $10 per long ton weight.

W. R. GRACE & CO.

Six dollars per long ton is equal to about 26.8 cents per hundred pounds; $10 per ng ton is equal to about 44.6 cents per hundred pounds.

On November 22, 1921, the Southern Pacific Co. quoted the following rates on casein, gar of milk, and powdered skim milk from San Francisco to New York:

Freight rates, San Francisco to New York.

	Per carload.	Less than carload.
in	$1.42 per 100 pounds, 30,000 pounds minimum.	$4.42 ground or powdered; $3.75½ other than ground or powdered.
k sugar	$3.08 per 100 pounds, 24,000 pounds minimum.	
dered milk	$1.05 per 100 pounds, 60,000 pounds minimum.	$4.42.
Do	$1.42 per 100 pounds, 40,000 pounds minimum.	

Ve have here a differential favoring Argentine producers between 26.8 cents per pounds and $1.42 per 100 pounds or slightly over $1.15 per 100 pounds.

f the provisions of H. R. 7456 are permitted to stand and casein is permitted to ne in free of duty, the casein industry of California, whch amounts to 40 per cent of American industry, is thus $1.15 per hundredweight worse off than under free le. Our market is in New York and New York draws from the world.

asein production is comparatively a new American industry. Its development in ifornia has been due to the desire of the milk producers' associations and to certain nufacturing concerns to provide a fairly profitable remedy for the waste of skim k. Casein finds its outlet in the manufacture of glues and varnishes. It has been planting celluloid in the arts and manufactures. All of the so-called "French ry" is made from it. It is used in the manufacture of buttons and, generally king, whenever bone and celluloid have been used.

Sugar of milk, as stated, is a companion product. It is used in various medi[illegible] preparations, and during the World War it was extensively bought by foreign Govern[illegible] ments, we are informed, for producing certain smoke screens.

Unless we have adequate protection there appears to be little hope for these [illegible] industries in the immediate future.

SUGAR OF MILK COSTS.

The California Central Creameries has made no sugar of milk in 1921.

In 1920 the California Central Creameries made 810,891 pounds at a cost of [illegible] cents per pound.

The Milk Producers of Central California, of Modesto, Calif., under date of N[illegible] ber 19, 1921, writes:

"When we were satisfied that there was no chance of making money out of sug[illegible] milk at this time, we shut the department down at the end of September. W[illegible] now washing out some crude left on hand and this will be finished in a day or [illegible] at which time all work in that department will cease.

"The cost of the by-products plants which are idle on account of low commo[illegible] prices is at least $75,000."

From March 1, 1920, to February 28, 1921, the Milk Producers' Association of C[illegible] California plant at Modesto produced 940,680 pounds of sugar of milk.

The financial statement for that period is as follows:

Total cost, average of 20.25 cents per pound		$190,4[illegible]
Total sales for the period		196,[illegible]
Less—		
Commission and brokerage	$3,940.31	
Delivery	1,881.12	
		5,[illegible]
Total net sales		190,4[illegible]

This plant was, therefore, run for the period of one year at a net loss of $55[illegible]

CASEIN COSTS.

During the year 1920 the California Central Creameries, operating eight ca[illegible] plants, produced as follows:

Production	pounds	1,6[illegible]
Yield	per cent	
Paid for milk, per 100 pounds	cents	[illegible]
Cost of manufacturing, per pound	do	[illegible]
Total cost per pound	do	[illegible]

For the first eight months of 1921 the California Central Creameries operated [illegible] plants at various times, but to-day has only two plants in operation. It report[illegible] follows for 1921:

Casein produced	pounds	[illegible]
Yield	per cent	
Valuing milk at 30 cents per hundred pounds; no sugar made	cents	[illegible]
Cost of manufacturing, per pound	do	[illegible]
Total cost per pound	do	

The Milk Producers of Central California makes the following report on manufa[illegible] of 1,221,204 pounds of casein from March 1, 1920, to February 28, 1921, a year [illegible]

Casein production	pounds	1,221,[illegible]
Yield casein	per cent	[illegible]
Apportion half of 47,016,354 pounds of skim milk, at 30 cents per hundred, to casein equals 15 cents per hundred; other half apportioned to sugar of milk manufacture		$70,[illegible]
Cost of manufacture		66,[illegible]
Total		138,[illegible]
Cost per pound	cents	[illegible]

This run is the largest made by any single factory in California. It was only posble because the Milk Producers' Association of Modesto had large sugar contracts on hich was hoped to realize but which hopes were not fulfilled.

To make a résumé of the above operations of the California Central Creameries and e Milk Producers' Association, we have the following:

	Year.	Casein.	Cost.
		Pounds.	
lifornia Central Creameries	1920	1,677,581	$259,521.78
Do.	1921	477,688	77,385.45
lk Producers of Central California	1920-21	1,221,204	138,725.62
Total	....	3,376,473	475,632.85

Average cost, 14.08 cents per pound.

Because California casein is of better quality than that of the Argentine, California oducers are receiving offers of 9 cents a pound for their casein in San Francisco. duty of 4½ cents per pound would raise the return to 13½ cents per pound, which ould enable at least the larger plants to operate.

Fourth. Skim milk may be emulsified with coconut oil, a pernicious practice which s developed to extensive proportions in the United States in recent years. So nulsified it is "filled" milk—in other words imitation milk—which despite all deals is being sold in the cities as "milk" and is being used in ice cream manufacture. is also evaporated and canned and is sold by retail grocers as "milk" despite the rasions of manufacturers to the contrary. It is an imitation that bids fair to spread erywhere if the wholly inadequate duty of 2 cents per pound on coconut oil which pears in H. R. 7456 is allowed to stand.

SOME OTHER CONSIDERATIONS.

H. R. 7456 provides for a duty on butter fat as "cream" of 5 cents per gallon, the uivalent of 8.6 cents per hundred pounds of milk. It provides for a duty of 1½ nts a pound on powdered skim milk, or the equivalent of 13.5 cents per hundred eight of milk. This is a combined duty of 22.1 cents per hundred pounds on the hole milk.

It is immaterial to the producers of Australia and New Zealand whether they market eir product as cream or powdered skim milk or as butter. It is feasible to ship eet cream under refrigeration from New Zealand to California. Skim milk powder n be shipped as any other imperishable goods. Freight rates and the rates of duty e the controlling factors.

The duty on cream plus the duty on powdered skim milk should be equivalent to e duty on butter or cheese calculated back to their equivalents in raw milk.

The dairy organizations of the United States are asking for a duty of 10 cents a pound n butter. This is the equivalent of 50 cents a hundred on milk.

The dairy organizations are asking for a duty of 15 cents a gallon on cream containing) per cent of fat and 5 cents per gallon additional for each 5 per cent of fat above 20 er cent of fat. Except for considerations of freight rates, this provision would lead) the importation of cream with a low percentage of fat. As H. R. 7456 draws a line f demarcation in tariff rates between cream lower and higher than 30 per cent fat, et the following calculation apply to cream containing 30 per cent of fat:

The dairy organizations thus propose a duty of 25 cents a gallon on 30 per cent cream. his is the equivalent of about 40 cents per 100 pounds for the milk from which this ream was separated.

The dairy organizations ask for a duty of 1 cent a gallon on skim milk, which is the quivalent of 12 cents per 100 pounds.

Thus the dairy organizations are asking for a duty on cream and skim milk equivalent n 52 cents a 100 pounds of whole milk.

It is proposed by the dairy organizations and in H. R. 7456 that the duty on powdered ailk shall be 1½ cents per pound. Assuming that the production of skim milk powder verages 8 pounds to the hundred weight this proposal is that ordinary skim milk nd skim milk powder shall pay exactly the same rate of duty.

This allows nothing in the way of protection for the manufacturer. The proposition, n short, is that duty shall be the same on raw material as on a manufactured product.

In all calculations in the foregoing, we have based the price of skim milk at 3 cents per 100 pounds, which we believe to be fair under average conditions in the United States.

For the reasons set forth we ask the following schedule of duties per pound:

	Cents
On skim milk powder	3
On casein	4
On sugar of milk	4

Also that the schedules on whole milk powder and cream powder provided in H. R. 7456 be changed to conform to the general proposition that they shall be equivalent to 50 cents per 100 pounds on the raw milk from which they are made.

Mr. HOLMAN. I will state further that the officers of the National Milk Producers' Federation have decided to ask that paragraph 71 of the bill be extended, in line with our former request of November 14, to include sugar of milk at 4½ cents a pound.

On behalf of Mr. W. W. Hovey, general manager, Dairymen's League (Inc.), and Dairymen's League Cooperative Association (Inc.), Utica, N. Y., who is unable to be here to-day, I am filing brief which has been sent me, dealing primarily with the manufacturing costs of the 10 milk commodities which occur in the paragraphs.

BRIEF OF W. W. HOVEY, REPRESENTING DAIRYMEN'S LEAGUE (INC.) AND DAIRYMEN'S LEAGUE COOPERATIVE ASSOCIATION (INC.), UTICA, N. Y.

These two associations represent 80,000 actual milk producers, with a total of approximately 1,000,000 dairy cows, throughout the State of New York and parts of the States of Pennsylvania, New Jersey, Massachusetts, Connecticut, and Vermont.

It is respectfully urged that the following duties be provided:

Whole milk, sweet or sour, 3½ cents per gallon.

Cream, sweet or sour, having not more than 20 per cent of butter fat, 15 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional.

Skim milk, 1 cent per gallon.

Ice-cream mixtures, unfrozen, having not more than 15 per cent of butter fat, cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, cents per gallon additional; frozen, having not more than 15 per cent of butter fat, 9 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 3 cent per gallon additional.

Milk, condensed or evaporated, in hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1½ cents per pound.

Whole milk powder, 3½ cents per pound.

Cream powder, 8 cents per pound.

Skimmed milk powder, 1½ cents per pound.

Malted milk and compounds of, or substitutes for milk or cream, 20 per cent ad valorem.

Butter, 10 cents per pound.

Butter substitutes 10 cents per pound.

Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at cents or more per pound, 25 per cent ad valorem.

Cheese substitutes, 5 cents per pound.

Lactarene or casein, 4½ cents per pound.

Sugar of milk, 4½ cents per pound.

All dairy products not otherwise provided for, 20 per cent ad valorem.

In comparison with the Fordney bill (H. R. 7456), there are requested increased rates on whole milk, cream, whole-milk powder, butter and oleomargarine; and additions of rates on ice-cream mixtures, lactarene or casein, sugar of milk, and all dairy products not otherwise provided for.

This country is more than able to sustain itself, so far as dairy products are concerned, making unnecessary the importation of such products from foreign countries. Furthermore, in order to assist the producer to secure fair prices for milk and products, it is necessary to provide sufficient tariff protection to at least offset the differences in the cost of production between this and foreign countries. An ample supply of domestic milk and milk products should always be available and the ret

the producers should not be so lowered by foreign competition as seriously to affect
e industry and to make the production of milk unprofitable.

Shipments of butter arriving into this country from Denmark, Holland, Argentina, nada, and New Zealand have had the effect of depressing the prices on the New rk market all out of proportion to the amount of butter received, and such depres-ns have been reflected back to the producer to a much greater extent and for much ger periods than similar receipts of domestic products would bring about. This dition should be prevented and no such opportunity should be allowed where price of butter could be manipulated to the disadvantage of the entire dairy lustry.

There are a number of manufacturing plants just on this side of the American border which cream or milk produced in Canada can be economically transported and de into products. This condition makes very necessary the increases in duties ght on milk, cream, and other products on a basis equal to that provided for butter.

Testimony already has been presented by witnesses showing that much lower costs production in foreign countries and the increase in the price level make necessary advance in the import duties on butter to 10 cents per pound and that milk, cream, l other products be placed on a basis equivalent to 10 cents per pound on butter, in er that the interests of the dairy farmer of this country may be protected ade-tely. This basis has been extended to milk and cream, and you have been shown t 3½ cents per gallon on whole milk, sweet or sour, and 15 cents per gallon on cream, et or sour, having not more than 20 per cent of butter fat, with an additional 5 cents gallon for each additional 5 per cent of butter fat, are necessary. Testimony also been, or will be presented, showing the necessity of 4½ cents per pound on casein actarene, and 4½ cents per pound on sugar of milk.

ontinuing this method of computing physical equivalents, to the other products, following data are presented:

ne hundred pounds of milk, containing 3.5 per cent butter fat, will produce approx-tely the following:

	Pounds.
weetened evaporated or condensed milk	[1] 40
etened condensed	[1] 39
ole-milk powder	[1] 12½
am powder, 4.8 pounds, and skimmed-milk powder	7.6
ese	9.4

o equal the rate of 3½ cents per gallon on milk with a butter-fat content of 3.5 per t, which would equal 41 cents per 100 pounds, the above commodities would require following rates based on a butter-fat basis only. These rates should be increased, ever, for reasons provided in the next paragraph: Unsweetened evaporated and densed milk, 1 cent per pound; sweetened condensed, 1 cent per pound; whole k powder, 3.3 cents per pound; cream powder, 8 cents per pound; cheese, 4.4 ts per pound

o manufacture the 39 pounds of sweetened condensed milk it would also require pounds of sugar and as the import rate in the Fordney bill on sugar is $1\frac{1}{16}$ cents pound, the rate on 16 pounds would be 17 or 0.44 cent per pound of sweetened con-sed milk, which added to the above 1 cent would raise the rate on sweetened densed to 1.44 cents. Additional processes of manufacturing and packing this cle involve such additional costs as should put duties on a basis of 1½ cents per nd.

ne hundred pounds of skimmed milk will yield about 3½ pounds of dried casein or ut [2] 8.2 pounds of skimmed-milk powder. As much skim milk is run away because o market or profitable utilization, duties of 4½ cents per pound on casein and 1½ ts per pound on skimmed-milk powder are requested so as to prevent these articles n foreign countries coming into this country and competing with our skimmed milk ch a way as to cause this domestic product to be thrown away.

ne hundred gallons of an average unfrozen ice-cream mixture with 12 per cent ter fat contains approximately 516 pounds of milk, 207 pounds of 40 per cent cream, pounds of condensed milk, and 120 pounds of sugar, which at the proposed duties ld be, respectively, $2.12, $8.75, $1.87, and $1.28, or a total of $14 per 100 gallons, or cents per gallon. Additional allowances for higher costs of manufacturing in this ntry as against foreign countries will be sufficient to justify a duty of 15 cents

---

[1] uthority: United States Tariff Commission.
[2] uthority: United States Tariff Commission. Suggested reclassification and revision of sections of the l relating to agricultural products and provisions.

per gallon on ice-cream mixtures containing up to 15 per cent butter fat. For ea additional 5 per cent of butter fat or fraction thereof an additional 5 cents per gal should be provided, the same as for cream when containing in excess of the ba amount of butter fat. Because of the swell of frozen ice-cream mixtures they shou take only 60 per cent of the duties provided on unfrozen mixtures, which would 9 cents per gallon on such mixtures containing up to 15 per cent of butter fat with additional 3 cents per gallon for each 5 per cent of butter fat or fraction thereof.

DEFINITIONS.

The United States Department of Agriculture has promulgated the following defi tions:

Condensed milk, evaporated milk, concentrated milk, is the product resu from the evaporation of a considerable portion of the water from the whole, fre clean lacteal secretion obtained by the complete milking of one or more healthy co properly fed and kept, excluding that obtained within 15 days before and 10 da after calving, and contains, all tolerances being allowed for, not less than 25.5 p cent of total solids and not less than 7.8 per cent of milk fat.

Sweetened condensed milk, sweetened evaporated milk, sweetened concentra milk, is the product resulting from the evaporation of a considerable portion of water from the whole, fresh, clean lacteal secretion obtained by the complete milk of one or more healthy cows, properly fed and kept, excluding that obtained wit 15 days before and 10 days after calving, to which sugar (sucrose) has been added contains, all tolerances being allowed for, not less than 28 per cent of total milk so and not less than 8 per cent of milk fat.

Condensed skimmed milk, evaporated skimmed milk, concentrated skimmed m is the product resulting from the evaporation of a considerable portion of the w from skimmed milk, and contains, all tolerances being allowed for, not less tha per cent of milk solids.

Sweetened condensed skimmed milk, sweetened evaporated skimmed m sweetened concentrated skimmed milk, is the product resulting from the eva tion of a considerable portion of the water from skimmed milk to which sugar (suc has been added. It contains, all tolerances being allowed for, not less than 2 cent of milk solids.

Dried milk is the product resulting from the removal of water from milk, and c tains, all tolerances being allowed for, not less than 26 per cent of milk fat and more than 5 per cent of moisture.

Dried skimmed milk is the product resulting from the removal of water f skimmed milk, and contains, all tolerances being allowed for, not more than 5 per c of moisture.

Malted milk is the product made by combining whole milk with the liquid separ from a mash of ground barley malt and wheat flour, with or without the additi sodium chlorid, sodium bicarbonate, and potassium bicarbonate, in such a ma as to secure the full enzymic action of the malt extract, and by removing water resulting product contains not less than 7.5 per cent of butter fat and not more t 3.5 per cent of moisture.

STATEMENT OF R. W. BALDERSTON, SECRETARY OF INTERSTA MILK PRODUCERS' ASSOCIATION, PHILADELPHIA, PA.

Mr. BALDERSTON. I am also appearing to-day in behalf of Philadelphia Interstate Dairy Council and the Pennsylvania St Dairy Council, which represent the allied dairy interests of Penn vania, New Jersey, Delaware, and Maryland.

Senator SMOOT. Briefly, what are you asking for?

Mr. BALDERSTON. I am also appearing here as chairman of Middle Atlantic Dairy Tariff Committee, cooperating with National Milk Producers' Federation, comprising the States of N York, Pennsylvania, Delaware, Maryland; and I am speaking rectly for the first group, representing 110,000 individual milk p ducers who are members of these organizations, too.

I want, Mr. Chairman, to file a brief, but I also have some infor tion which has come to me to-day and which is apropos of the

quest which we are making, namely, that the tariff on butter be 10 cents a pound and other dairy products in direct relationship with this tariff at the 10 cents a pound on butter.

I have here a letter just received from Mr. H. C. Taylor, who is Chief of the Bureau on Markets and Crop Estimates of the United States Department of Agriculture. I will file it, but I want to read one paragraph which introduces the subject which I want to treat of verbally [reading]:

On September 19 a cablegram was sent by one of the representatives of this bureau n London, stating that the British Government then held stocks of butter amounting o 90,000,000 pounds, and that Denmark was at that time booking orders for butter in he United States some weeks in advance. Since that time "Government butter" as moved very slowly on the market.

It is on account of this that we are filing at the present time, as well s on account of the fact that the present tariff is not sufficient to over the case, so that we are having these large importations of foreign utter.

WASHINGTON, *December 24, 1921.*

Mr. CHARLES W. HOLMAN,
Executive Secretary, National Milk Producers Federation.

DEAR MR. HOLMAN: Your request for information regarding the European dairy tuation as it may effect our market has been received. In addition to the information suggested in our recent conversation, some statistics of comparative prices have een compiled and charted in a form that may be of value to you.

On September 19 a cablegram was sent by one of the representatives of this bureau n London, stating that the British Government then held stocks of butter amounting o 90,000,000 pounds, and that Denmark was at that time booking orders for butter n the United States some weeks in advance. Since that time "Government butter" as moved very slowly on the market.

It should be explained that the Government stocks referred to are not a recent acquisition, but represent part of the quantity purchased from the Dominions under contract prior to decontrol of the trade in imported butter on March 31, 1921, and remaining undisposed of at that date. It was known generally that the British Government held a large surplus of butter at the time of decontrol, but the quantity as not definitely made known and was variously estimated by the trade at anywhere from 100,000,000 pounds to 200,000,000 pounds. This uncertainty as to the quantity held and the disposition to be made of it, hung over the British butter market as a depressing influence, contributing to the decline in price in April until the abrupt rise in July, when European production fell off, due to season and drought. Until that time the 1921 imports of butter into the United Kingdom had been on a prewar basis. During the first six months there were imported 240,000,000 pounds, as compared with 118,000,000 pounds during the corresponding period in 1920, and 233,000,000 pounds in the first six months of 1913. Consumption did not keep pace with this increased supply and the British market was glutted.

The inclosed graph indicates the average of weekly quotations of butter in Copenhagen, London, and New York, calculated on the basis of prevailing rates of exchange in Copenhagen on London and New York during the months since exports from Denmark to the United States began. It is of value simply as showing the trend of price levels in the three markets in relation to the trend of the imports of Danish butter y the United States. The imports as officially reported follow naturally at some interval of time the price situation and without regularity from month to month. In trend, however, the imports are seen to have come during 1919 and 1921, when the New York price level was relatively higher than the London price level, based in both cases on what the Dane could realize on his butter in terms of his own currency. When in 1921 the 6 cents tariff became operative and at the same time more could be realized in the London market, the United States received for a time practically no Danish butter. During the last half of the year an abrupt rise in prices, due to widespread drought, emphasized the weakness of the English market and the greater buying power of the United States, with the result that Danish exports to the United States were renewed.

During November, 581,029 pounds were received from Denmark, making a total for the 11 months of 1921 of 11,565,442 pounds as compared with 16,769,077 pounds

during the corresponding period last year and the 19,934,547 pounds for the en... year 1920. Butter imports from Canada during November were 823,612 pou... from Australia 421,246 pounds, and from New Zealand 11,200 pounds.

The situation suggests that Danish exporters are simply keeping open channe... trade that will make it possible to take advantage of the most profitable mark... any time. The same is true in a general way of exporters in the other countr... A similar study of prices indicates that New York prices for comparable grad... butter have in recent months been higher than the quotations in the London ma... for New Zealand and Australian butter.

In Australia and New Zealand at present, as in the United States, dairying ... relatively profitable, owing in those countries to low prices of meat relative to da... products.

It is true also that New Zealand and Canadian dairy interests are consciou... virtual monopoly of the English cheese market, the two countries together furnis... 90 per cent of the total cheese imports of the United Kingdom. The New Zea... Dairyman has seriously suggested the possibility recently of limiting cheese pr... tion in New Zealand in order to force cheese prices higher in the English mar... The policy suggested is that the factories having facilities for producing either but... or cheese turn early in the season (our early fall) to the production of butter ... until the report of lessened production of cheese had affected the prices ... In order to stimulate the British cheese market, New Zealand dairy interest... sufficiently organized, might conceivably export butter to the United State... increase their butter exports to England in order to limit the supply of cheese on the British market.

The degree to which the comparatively small shipments of foreign dairy prod... coming onto our markets may unduly affect prices is a matter that has not ... been given adequate study. It is planned, as you know, that through our organ... tion the effects of biased and inaccurate foreign market news may be as far as poss... eliminated. I am sure that you will avail yourself of any such service as we ma... able to offer.

Very truly, yours,

H. C. Taylor, *Chief of Bureau.*

Mr. Balderston. A trainload of Australian butter, compris... 300,000 pounds, is en route from San Francisco to New York, hav... ing left San Francisco on the 29th. This steamer load, compris... $1,100,000 worth of butter, reached a western port December 2... The Danish ship *Fredericka VIII* is en route to this country wi... a large shipment of butter. The amount of butter which has co... into this country in the last two months has been about 2,000,... pounds per month, of which over one-fourth has come from Den... mark. This is in direct support of what Mr. Loomis has just t... you about the inefficient way in which the tariff is dealing wi... this situation.

Senator Smoot. What is the export per month for butter?

Mr. Balderston. I do not have it just here, for these last tw... months.

I was going on to say there is a sufficient amount of butter pro... duced in this country to supply the domestic needs and leave ... small exportable surplus.

Senator Jones. You mean by that that there is sufficient supp... to meet the demand at the prices which the consumer must pa... now, do you not?

Mr. Balderston. There will be during the next few months ... sufficient amount, as I understand, of butter produced in this coun... try to meet all domestic demands.

Senator Jones. What was butter selling for before the war?

Mr. Balderston. In May of the present year the price got do... to 28 cents, which was the prewar basis.

I see what you are driving at, Senator; you are intimating tha... if the price is lowered, that we can then, of course, lower the pr...

o the American consumer. You all know that the American lairy farmers——

Senator SMOOT (interposing). I was wondering why you were sking more than 8 cents here now when your exports are over 50 er cent of what your imports are?

Mr. BALDERSTON. For the simple reason that we object——

Senator SMOOT (interposing). To any other coming in?

Mr. BALDERSTON. To being a dumping ground for butter from ther countries which want to flood this country at times when it uits them with surpluses which they can not sell in their regular narkets.

Senator SMOOT. They do not sell to countries that you export to.

Mr. BALDERSTON. I was in Denmark in June, 1920, and through he courtesy of the American consul I interviewed the leading Danish dairy specialists and marketing specialists.

They regard England as their legitimate market for their bacon and heir butter, which is the combination on which their agriculture s based. But when the English market is in such shape they do not want to demoralize it as it is now, then they send to this country their surplus.

I have here a chart which was obtained from the Department of Commerce, and which I will file, which shows that at the present time the price of butter in Copenhagen is the same as in New York, but they are willing to send it over here so as to support their own markets, which they had before the war and which they want to keep to themselves.

Senator MCCUMBER. Where do we export our butter to?

Mr. BALDERSTON. I do not know just at the present time.

Senator MCCUMBER. What character of butter is it that is compared with the butter that is consumed in the United States; is it of the same high standard, the export butter?

Mr. BALDERSTON. I am not qualified as an exporter of butter, Mr. Chairman.

Senator MCCUMBER. Do you know whether it is sold for a considerably less price than what it is sold for locally?

Mr. BALDERSTON. I do not. I want to refer next to the comparison of the Danish cost of production as compared with the American cost of production.

We have here, and I will file with you a comparison of the cost of production in Denmark as compared with the cost of producing milk and butter in Minnesota, which is in the center of the big butter-producing area, which shows there is a difference of 14 cents, or was last summer, operating at the same time in favor of the Danish farm.

Senator DILLINGHAM. On a pound of butter.

Mr. BALDERSTON. On a pound of butter. The Danish farmer, as I saw him in his dairy practice, imports quantities of cheap labor from Poland and neighboring countries, in which whole families come over to work in groups and to help harvest roots, hay, and grain.

They also have the most wonderful dairy climate in the world.

Senator MCCUMBER. There is something about this dairy business that I do not understand. You export the most to Great Britain. Denmark is only across the channel from the United Kingdom, and I can not understand how we can be exporting to Great Britain and

at the same time Denmark is also importing to Great Britain and exporting to the United States as well.

Senator JONES. I will say that is not the fact for the year 1921. For 10 months of 1921 we exported 700,000 pounds and only 65,000 pounds of that went to the United Kingdom. There went to Canada 1,904,000 pounds and to Panama 602,000 pounds, to Mexico 989,000 pounds, to Cuba 594,000 pounds, to Haiti 370,000 pounds, other West Indies 1,327,000 pounds, to South America 403,000 pounds, to the Philippine Islands 212,000 pounds, and to other countries 629,000 pounds.

The exports decreased considerably during 10 months this year compared with two previous years.

In 1920, for the first 10 months we exported 16,676,000 pounds; for 1919 we exported 29,687,000 pounds.

Senator MCCUMBER. I had assumed we had got back something near to normal conditions; for instance, going back into 1919, we exported to the United Kingdom, 19,483,348 pounds. That was during the first 10 months of 1919. It fell off to 65,000, as the Senator says, for the first 10 months of 1921.

Mr. BALDERSTON. The Danes have come back into their market again, and also the Australians, and to some extent I think the shipments from Argentina. The Danes in 1919 had reduced their production of dairy products very materially because they had not been able during the war to get American concentrates.

Senator JONES. Is there a tariff on butter in Canada?

Mr. BALDERSTON. I do not know.

Senator JONES. I see that we exported to Canada in the first 10 months of this year 1,904,000 pounds.

Senator DILLINGHAM. Senator, I have a recollection that statistics in the past have shown that about 5 per cent of all the dairy products in Canada were produced in the Province of Quebec. We get that product in New England under the present tariff. The rest of Canada is not given to dairying as is the old Province of Quebec.

Mr. BALDERSTON. There is an interchange back and forth across the border which takes up a good deal of the import and export figures.

I want next to simply refer briefly to the fact that in the State of Pennsylvania, in the year 1920, the census shows a total of 1,247,000 dairy cows, but the census of 1910 showed 1,421,000, or a total loss in dairy cattle during those 10 years of 174,000 dairy cows; and this is in spite of the fact that at the same time the population of the State has increased from 7,665,000 to 8,720,000.

Senator JONES. What is the wholesale price of butter here in the city of Washington?

Mr. BALDERSTON. I come from Philadelphia. The average price this week in Philadelphia for print butter of the kind which I suppose Senator Smoot would buy, was 56 cents wholesale, or the price to the retailer. That was the highest price I have heard of local creamery butter.

Senator SMOOT. The wholesale price of 56 cents?

Mr. BALDERSTON. The wholesale price of 56 cents to the retailer of a local creamery. That was our extreme high price received by a local creamery.

Senator JONES. What was that price before the war?

Mr. BALDERSTON. That price before the war was about 45 or 50 nts. That is the reason why I hesitate to give you exact figures, thout having the figures to go by. I do not have them here by . The price of butter is perhaps, if my memory serves me right, 2 per cent of the average of the five prewar years. If I am not rect, somebody please correct me. That is my recollection as ken from the United States Department of Agriculture statistics.

I simply want to refer to a brief which I have here showing the at increase in the dairy production in Argentina, and this schedule l be filled. It shows that there was something like seven times amount of butter produced for export and exported in 1920 than re was in 1910. In 1910 the total was 6,342,000; in 1920, 11 months ly. 37,700,000.

Senator JONES. Do you think that the wholesale price of butter in iladelphia ought to be maintained at 56 cents a pound or above?

Mr. BALDERSTON. I hold this, that the present production cost, ich I have here and which will be filed with you, as given by the ite College of Pennsylvania, New Jersey, and Maryland, would ke the price of butter at the present time 65 to 70 cents a pound. The cost of production in Minnesota, which I have from the State lege there, would show about 56 cents as the cost of producing it. You are all aware that the freight rates on butter from Denmark 1 cent a pound, unrefrigerated, or 1¾ cents in refrigerator vessels. e and three-fourths cents is the total freight rate in Minnesota in rload lots. Small creameries ship to New York and Philadelphia less than carload at 2¾ cents per pound. So that the argument is favor of the Danish farmer.

In Denmark they have innumerable little harbors, so that the llection of butter for export is very cheap. Little vessels go in most to every farm, or within a very few miles, so that the collect- g cost is not as great as it is in this country. They have small ms closely located, with large dairies on them. So that a small amery will not have to collect its cream or milk more than 2 or 3 les in any one direction in Denmark. This is not so in this country, ere many miles must be covered by wagon route in collecting milk cream.

Senator JONES. Is there exported from the United States to those untries a considerable quantity of feed for the dairy herds?

Mr. BALDERSTON. Before the war Denmark received large quanti- s of American concentrates, by-product feeds. They received bran some extent, but they were very fond of American cottonseed oil eal and linseed oil cakes.

During the war they could not receive this, and they learned to ow large quantities of peas; and they told me last year when I was ere that they did not expect for the future to be as dependent on merican feeds as they had been. However, they can receive, rough low ocean freights, from ports like New Orleans and Phila- lphia—New Orleans for cottonseed meal and Philadelphia for lin- ed oil cakes—their feeds very cheaply, due to the low freight rates. big firm in Philadelphia before the war exported linseed cake to enmark and Holland. At the present time it is hunting an Ameri- n market among Pennsylvania farmers for its product, because ere is not the same demand abroad.

The Danish leaders also tell me that they expected, when [illegible] was reestablished, to be able to obtain from Russia, which is [illegible] near at hand, quantities of these feeds, so as not to have to buy [illegible] American producers.

Senator WATSON. Can you not file anything else you have?

Mr. BALDERSTON. So far as I am concerned, Senator, I am through and I will file my brief and thank you for the attention this day.

BRIEF OF R. W. BALDERSTON, REPRESENTING INTERSTATE MILK PRODUCERS' ASSOCIATION.

The members of the Interstate Milk Producers' Association, who number [illegible] and who live in Pennsylvania, New Jersey, Delaware, and Maryland, have a [illegible] interest tha there shall be adequate protection for dairy products guaranteed [illegible] through pending tariff legislation. Labor and other miscellaneous costs which [illegible] up about one-half of the total costs of producing milk are as high within our [illegible] the country as perhaps anywhere in the United States, because of close [illegible] the great industrial areas centering around Philadelphia and Pittsburgh, [illegible] costs are much higher than formerly because of high transportation costs from the [illegible] growing sections in the West.

The number of dairy cattle on Pennsylvania farms has been gradually [illegible] as is shown by a comparison of the United States census of 1920, as compared [illegible] that of 1910, as follows:

	1920	19[illegible]
Calves up to 1 year	209,325	[illegible]
Heifers 1 year to 2 years	163,908	[illegible]
Cows 2 years old and upward	874,204	[illegible]
Total	1,247,437	[illegible]

Total loss in ten years 174,518.

During the same period, the population of Pennsylvania has been increased [illegible] 7,665,111 to 8,720,017 according to the same authority. The decrease in the [illegible] portion of cows to population is, in general, approximately the same for the ad[illegible] States of New Jersey, Delaware, and Maryland. This would indicate that [illegible] our Middle Atlantic States have a soil and climate unsurpassed for dairying [illegible] has been a movement toward restriction in the amount of dairy business [illegible] our farms, because our labor could be more profitably employed in those ind[illegible] near at hand which have had a fuller measure of protection for their markets [illegible] Exhibits A, B, C, D, and E, attached.)

Our eastern markets can receive dairy products with cheaper transportation [illegible] Canada than from the western part of the United States. All through the [illegible] mer and autumn a carload of Canadian cream came into Philadelphia each [illegible] The cost of producing this cream in Canada has been given you already in [illegible] tics compiled for the New England Dairy Tariff Committee. Canadian cre[illegible] approximately 40 cents per gallon less than the cost of producing cream in [illegible] sylvania. This cream can be sold in Philadelphia so cheaply that it pra[illegible] makes the market price for cream in Philadelphia.

TARIFF ON VEGETABLE OILS.

We would further ask that whatever figure is decided upon by Congress, [illegible] proper tariff tax on butter, be applied to vegetable oils to be used for human [illegible] The use of coconut oil as a substitute for butter fat has increased to an alarm[illegible] gree, as has been shown your committee by others who have appeared before [illegible] and need not be entered into here. A compound of skim milk and cocon[illegible] being manufactured in large quantities and sold in direct competition with [illegible] products, in the form of imitation or bogus evaporated milk and as imitation [illegible] and ice cream. We hold that it will undo the whole scheme of protective [illegible] this principle is not strictly adhered to.

CASEIN.

A by-product of the dairy industry obtained from the skim milk remaining when butter is made is casein. When this by-product can be sold profitably, it helps to increase the total receipts for the milk products, so that the returns to the farmers are more nearly commensurate with their costs. Large quantities of this casein are now being imported chiefly from Argentina, and we protest that it should not be placed on a free list but should have, instead, the same protection as other dairy products. (See Exhibit F.)

THE MENACE OF DANISH BUTTER WITH A COMPARISON OF MINNESOTA AND DANISH BUTTER COSTS.

At the present time foreign butter is coming into the United S5ates at the rate of nearly 2,000,000 pounds per month. (See Exhibit G.) Over one-fourth of this originates in Denmark. It is laid down at our eastern seaboard in the very heart of the consuming center of our country with a very low ocean freight rate—1 cent per pound without refrigeration, or 1¼ cents with refrigeration. Butter makers in Minnesota, the heart of the United States butter-producing section, must pay 1¾ cents f. o. b. to Philadelphia in carload lots, or 2¾ cents in less than carload lots. The comparison is distinctly in favor of the Danish farmer. (See Exhibits J and K.)

A year ago I visited Denmark for the purpose of studying Danish dairy methods. I discussed their production and marketing methods with a large number of marketing specialists and officials. They have a climate unsurpassed for dairying. They have access to the labor reservoirs of Poland and Russia for cheap contract labor to cheaply grow the roots, hay, and grain crops upon which they depend for the most of the feed for their cows. Ocean freights on cottonseed meal and linseed cake, etc., from points of exportation to Denmark do not make those concentrated protein feeds much higher in price than the average in United States. Innumerable safe harbors give the Danes unsurpassed shipping facilities for their butter.

England is a natural market for Danish butter and bacon, upon the combination of which Danish agriculture is established. England does not now consume unlimited quantities of good butter, and United States exchange situation somewhat favoring the move, the Danes are now, therefore, exporting to the United States a part of their butter. This enables them to keep the English market free and in favor of the seller. Many Danes told me frankly that they considered England their natural market, but they would have to take care of that market now and "nurse" it, as it were, and not to force too much butter upon it.

The United States, therefore, furnishes an ideal dumping ground for the Danish surplus any time that the English market needs relief. But more important than that, we must not overlook the fact that with a freight advantage, with cheap labor at their door, cheap eastern concentrates for the future, the Danish farmer can continue to undersell our Minnesota and Wisconsin butter makers in our eastern markets unless the import tax is sufficient to cover the difference in production costs.

Attached is a complete study of production costs in Minnesota and Denmark, showing that it cost 14 cents last summer more to produce and manufacture a pound of butter in Minnesota than in Denmark. (See Exhibit H.)

Denmark has not been alone as a growing exporter of butter and other dairy products to the United States. The Argentine Republic during the past 10 years has been increasing its exports by leaps and bounds, as is shown by the attached exhibit. (See Exhibit I.)

TARIFF SCHEDULE DESIRED.

For the reasons already outlined in this brief, we desire the following paragraphs to read:

"PAR. 707. Whole milk, sweet or sour, 3½ cents per gallon; cream, sweet or sour, having not more than 20 per centum of butter fat, 15 cents per gallon, for each additional 5 per centum or fraction thereof of butter fat, 5 cents per gallon additional; skim-milk, 1 cent per gallon; ice cream mixtures, unfrozen, having not more than 15 per centum of butter fat, 15 cents per gallon, for each additional 5 per centum or fraction thereof of butter fat, 5 cents per gallon additional; frozen, having not more than 15 per centum of butter fat, 9 cents per gallon, for each additional 5 per centum or fraction thereof of butter fat, 3 cents per gallon additional.

"PAR. 708. Milk, condensed or evaporated. In hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1¾ cents per pound; whole milk powder, 3½ cents per pound; cream powder 8 cents per pound; and skimmed milk powder 1½ cents per pound; malted milk and compounds of or substitutes for milk or cream, 20 per centum ad valorem.

"PAR. 709. Butter, 10 cents per pound; butter substitutes, 10 cents per pound.

"PAR. 710. Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per centum ad valorem; cheese substitutes, 5 cents per pound; lactarene or casein, 4½ cents per pound (this article now appears on the free list); sugar of milk 4½ cents per pound; all other dairy products not otherwise provided for, 20 per centum ad valorem."

EXHIBIT A.

Record of cow-testing association, Blair County, Pa.

Number farms	[illegible]
Current expenses	$8,351.[illegible]
Grain	$13,712.[illegible]
Roughage and pasture	$11,190.[illegible]
Labor	$12,643.[illegible]
Hauling milk	$5,512.[illegible]
Interest depreciation, etc	$4,162.[illegible]
Decrease in inventory	$5,656.[illegible]
Total cost	$61,229.[illegible]
Returns, other than milk products	$6,625.[illegible]
Net cost	$54,603.[illegible]
Net cost plus 10 per cent for managing, lost time, etc	$60,064.[illegible]
Cost per 100 pounds	$3.[illegible]
Cost per quart	$[illegible]
Pounds milk per cow	[illegible]
Feed consumed per cow:	
Grains (pounds)	[illegible]
Silage (pounds)	5,[illegible]
Hay (pounds)	1,[illegible]
Stover (pounds)	1,[illegible]
Labor per cow except hauling:	
Man hours	[illegible]
Horse hours	[illegible]
Cows per farm	11[illegible]

Current expenses include insurance, taxes, repairs, medicine, bedding, breeding fees, salt, etc.; man labor charged at current prices for year and community; horse labor charged at current prices for year and community; breeding fees charged at actual cost; pasture at $2, $4 per acre per cow; feed at market price at the farm. manure credited at $15 per cow for what was produced at the barn; calves credited at current value at 3 days of age; interest charged at 5 per cent; increase or decrease in inventory gotten by taking inventories at beginning and end of year.

EXHIBIT B.

COST OF PRODUCING MILK IN THE HUNTINGDON COOPERATIVE COW TESTING ASSOCIATION, YEAR OF MARCH, 1920–APRIL, 1921.

[Pennsylvania State College School of Agriculture and Experiment Station.]

The information in this report has been calculated from figures that were kept by the tester in the Huntingdon Cooperative Cow Testing Association in addition to the regular association records. Special blanks were prepared for keeping a record of the labor, current expenses, and inventories. These records together with the regular association records on feed and milk production give the complete cost figures.

The following are the averages of 23 herds having a total of 271.2 cows, or an average of 11.8 cows per herd:

Average cost per 100 pounds	$[illegible]
Average cost per quart	$[illegible]
Average cost per pound butter fat [2]	$[illegible]
Average pounds of milk per cow	6,[illegible]
Average pounds of butter fat per cow	[illegible]

[1] Includes hauling.
[2] Credit for skim milk at 40 cents per hundredweight.

Pounds of feed required to produce 100 pounds of milk:

	Pounds.
ain	25.2
age	61.7
y	18.1
ver	13.6
een feed	2.1

Number of hours of labor required to produce 100 pounds of milk: Man, 2.2 hours; se, 0.04 hour.

Pounds of feed required to keep a cow for a year:

	Pounds.
in	1,562
age	3,830
	1,125
ver	844
en feed	133

Number of hours of labor required to care for a cow for a year (not including market-; of milk): Man, 140.4 hours; horse, 2.7 hours.

The average herd required daily 44 pounds of straw as bedding. Most herds were stured six or seven months while one herd was not pastured.

n calculating the records the following factors and values were used:

Heifers entering the herds during the year were charged at $95 each. Most of the ds are kept up by the addition of home-raised heifers. Practically no cows were rchased, while 45 heifers entered the herds during the year.

Pasture was charged at $2 per month per cow.

Man labor was charged at 30 cents per hour and horse labor at 20 cents per hour. is allows $7 per day for a man and team.

Straw was charged at $12 per ton, which was the farm value for this community last r.

No percentage rate of depreciation was figured on cows, since the inventory was en at both beginning and end of the year. This allows for any increase or decrease value. Depreciation on buildings and equipment was determined the same way. is amounted to about 10 per cent on equipment and 2 per cent on buildings.

A credit of $15 per cow was allowed for manure that was produced while the cows re in the barn. This is at the rate of about $2 per ton.

A credit of $5 per cow was allowed for all calves living at 3 days of age. There were no ws or bulls that died during the year, while there were 16 calves that died before ey were 3 days old. There were 254 calves, both living and dead, produced during e year. This leaves 17.2 cows that produced no calf during the year, either because ir breeding was neglected or they failed to breed. Every cow ought to have a lf during the year, and if she does not she should be disposed of.

Breeding fees were determined by figuring the cost of keeping the bull, except ere no bull was owned, when they were charged at actual cost to the farmer.

Five per cent interest was figured on the average value of the bull, and charges re made for insurance at 25 cents per year; 125 hours of man labor, at 30 cents per ur; 1 ton of straw for bedding, at $12; feed, at $86.71, and allowing a credit of $20 manure.

The feed was charged in the following manner: Hay, 7 pounds per day for 12 months, $21 per ton; silage, 15 pounds per day for 7 months, at $8 per ton; and grain, 5 unds per day for 12 months, at an average price of $2.38 per hundredweight.

The grain was made up of the following mixture:

	Pounds.	Amount.
ts, at $2.70 per hundredweight	300	$8.10
ta at $2.25 per hundredweight	300	6.75
rn, at $2 per hundredweight	300	6.00
meal, at $3 per hundredweight	100	3.00
Total, at $2.38 per hundredweight	1,000	23.85

Before figuring the cost per hundred pounds, 10 per cent of the net cost was added allow for the dairy's share of lost time and managerial ability, according to the uni-rm schedule adopted by the United States Department of Agriculture.

The cost of producing milk in this section was found to be divided in the following manner: Feed 45.4 per cent, labor 26.6 per cent, other expense 28 per cent.

The following is a detailed statement of the cost of keeping a cow for one year.

Feed:		
Concentrates	$36.37	
Roughage	37.08	
Pasture	10.95	
		[illegible]
Labor (does not include marketing)		[illegible]
Interest and depreciation		[illegible]
Current expense, taxes, insurance, repairs of buildings and equipment, veterinary, breeding fees, cow-testing fees, fly protection, ice, salt, bedding, gasoline, etc		[illegible]
Total		[illegible]
Credits:		
Increase in inventory	$14.66	
Value of calf	5.00	
Value of manure	15.00	
		[illegible]
Net cost		[illegible]
Ten per cent of net cost for lost time and managerial ability		[illegible]
Total		[illegible]

Exhibit C.

Cost of producing milk in Maryland, April, 1921.

[Compiled by J. H. Gamble, professor of dairy husbandry, University of Maryland, College Park.]

Item.	Amount.	Cost at present prices.	Item.	Amount.	Cost at present prices.
Hay.................pounds..	251.5	$3.14	Cost per gallon	....	[illegible]
Corn stover............do....	425.8	1.70	Cost per 100 pounds	....	[illegible]
Silage....................do....	1,150.0	4.60	Differential for 4 per cent milk	....	[illegible]
Home-grown grains....do....	72.1	1.03	Freight per gallon	....	[illegible]
Purchased grains.......do....	253.0	2.72	Total cost at Baltimore per gallon	....	[illegible]
Investment and other costs, less returns other than milk.	$5.53	5.53			
Human labor.........hours..	29.7	7.42			
Horse labor............do....	4.4	.66			
Total cost, 100 gallons 3.5 per cent milk	....	26.80			

FEED AND LABOR COSTS.

	Prewar.	War.	Present.		Prewar.	War.	Present.
Hay, per ton	$20.00	$32.00	$25.00	Cottonseed meal, per ton	$27.00	[illegible]	[illegible]
Silage, per ton	5.00	10.00	8.00	Linseed meal, per ton	30.00	90.00	[illegible]
Corn, per bushel	.56	1.75	.80	Labor, per hour	.15	[illegible]	[illegible]
Bran, per ton	30.00	65.00	36.00	Horse labor, per hour	.15	.25	[illegible]

Exhibit D.

Cost of milk production per cow for south Jersey, 1921.

Concentrates: 2,597 pounds purchased, 392 pounds home-grown, corn	[illegible]
Roughage: 2,362 pounds hay, 1,032 pounds stover, 6,392 pounds silage	[illegible]
Pasture, 6 months	[illegible]
Bedding, 1,338 tons (stalks, straw, meadow hay)	[illegible]
Man labor, 202 hours at 27 cents	[illegible]
Horse labor, 16.34 hours at 20 cents	[illegible]

uck, 6.6 hours	$9.90
iry equipment, $22 investment per cow	3.30
ilding cost, $162 investment per cow	16.50
xes	2.22
terest, 6 per cent	8.52
preciation, 8 per cent	11.36
ll service	7.13
scellaneous	8.21
nagement	25.06
Total cost per cow	275.66
lue of manure, 12½ tons	26.40
lue of calves sold	11.39
Net cost per cow	237.87
t of milk per quart	+.07

Cost of materials used in producing milk.

y, per ton	$18.32
ver, per ton	6.64
ilage, per ton	5.87
centrates, per ton	37.00
ture, per month	2.79
or, per cow	.27
ue per cow	142.00

nterest, 6 per cent; production per cow, 3,510 quarts per year.

Exhibit E.

Cost of milk production for Sussex County, N. J.

Items.	Cost per cow.		Items.	Cost per cow.	
	1918	1921		1918	1921
ntrates, 2,577 pounds	$69.59	$51.54	Miscellaneous	$6.53	$5.98
rage: Hay, 3,187 ands; other dry forage, pounds; silage, 2,075 unds	50.23	45.51	Management	22.57	20.94
			Total cost per cow	248.27	220.38
ure, 4 months	8.00	8.00	Value of manure	15.00	12.00
labor, 182.6 hours	51.68	57.34	Value of calves sold	12.69	14.59
labor, 20.1 hours	6.00	4.00			
equipment	.75	.75		27.69	26.59
ing cost	10.16	10.16			
s per cow	.90	2.41	Net cost per cow	220.58	203.79
ed per cow	7.62	8.28	Cost of milk per quart	.07½	.06¾
eciation	10.16	11.04	Cost of milk per 100 pounds	3.36	3.11
service	4.08	4.43			

COST OF MATERIALS USED IN PRODUCING MILK.

per ton	$23.33	$21.46	Pasture, per month	$2.00	$2.00
r	12.00	12.00	Labor, man	.28	.31
ee	9.00	7.27	Value per cow	127.00	128.00
entrates	55.00	40.00	Interest per cent	6	6

s gave 3,019 quarts per year.

Exhibit F.

Lactarene or casein—Imports, 1921, January to November, inclusive.

	Pounds.
ary, February, March	2,995,592
il, May, June	3,225,216
, August, September	1,757,585
ober	825,694
ember	176,302
Total	8,980,389

EXHIBIT G.

Imports of butter, 1921, January to November, inclusive.

	Pounds.
January, February, March	9,974,[illegible]
April, May, June	1,456,[illegible]
July, August, September	739,[illegible]
October	1,855,[illegible]
November	1,925,[illegible]
Total	15,95[illegible]

EXHIBIT H.

COMPARISON OF COSTS OF BUTTER FAT PRODUCTION IN DENMARK AND UNITED STA[illegible]

This comparison of costs shows that for the year April 1, 1920, to March 31, 19[illegible] the cost of producing 1 pound of butter fat in Minnesota and Denmark was as follo[illegible]

Minnesota	$[illegible]
Denmark	[illegible]
Difference in favor of Denmark	[illegible]

The costs of production of butter fat in Denmark are compared with the co[illegible] Minnesota, for the reason that the costs of transportation of butter is the same f[illegible] both sections to the eastern markets and Minnesota is one of the important b[illegible] producing States.

Minnesota costs are based on costs as published in the University of Minne[illegible] Agricultural Experiment Station Bulletin 173 for a group of farms about Co[illegible] Minn., a butter-fat producing section. These costs as given in the bulletin have [illegible] brought up to date by applying new prices to the quantity figures given therein. [illegible] new prices for feed and labor were obtained from the Crop Reporter as publish[illegible] the United States Department of Agriculture. Other items of cost were obta[illegible] from the bulletin as published and through correspondence with the university.

Cost of butter fat production per cow year, Apr. 1, 1920–Mar. 31, 1921, Cokato, [illegible]

Feed per year.	Quantity.	Price.	C[illegible]
Oats ... pounds	328	[1] $1.87	
Corn ... do	511	1.81	
Barley ... do	82	1.85	
Bran ... do	144	2.15	
Shorts ... do	36	2.15	
Oilmeal ... do	18	3.25	
Alfalfa ... do	162	[2] 15.00	
Mixed hay ... do	3,063	13.25	
Corn fodder ... do	91	8.00	
Corn stover ... do	424	4.00	
Silage ... do	631	7.00	
Pasture ... days	177	[3] 2.00	
Labor:			
Man ... hours	132	[4] .35	
Horse ... do	34	[4] .13	
Overhead:			
Barn			
Equipment			
Bedding			
Sire service			
General			
Depreciation, at 12 per cent			
Interest on $80, at 8 per cent			
Total costs			
Credits: Calf, $5; manure, $10; skim milk, $21			
Net cost of butter fat produced per cow			

[1] Per hundredweight. [2] Ton. [3] Per month. [4] Per hour.

The average butter-fat production for the State of Minnesota is 150 pounds per cow; ıverage cost per pound of butter fat in Minnesota based on above figures, 54 cents er pound.

COSTS FOR DENMARK.

The detail costs given below were obtained from the bureau of agricultural costings, enmark, by the United States consul general at Copenhagen. The rates of exhange for conversion of Danish values to United States values is the average of the ıonthly foreign exchange rated in New York on Copenhagen as reported in the ederal Reserve Bulletins for the year April 1, 1920, to March 31, 1921.

osts of production of 1 kilogram of butter fat in Denmark in the year Apr. 1, 1920, to Mar. 31, 1921.

[From bureau agricultural costings, Denmark.]

	Kronen.	
odder:		
4/6 kilogram oil cakes, at 48 ore	2.21	
1 kilogram other concentrates, at 36 ore	.36	
1.6 food units of straw, at 25 ore	.40	
0.6 food units of hay, at 17 ore	.10	
7.0 food units of roots, at 23 ore	1.61	
5.2 food units of grass and green crops, at 17 ore	.88	
		5.56
ther expenses on the farm:		
Labor	.92	
Remuneration to owner or manager	.35	
Interest	.37	
Rent of dwelling	.28	
Articles of inventory	.08	
Horse labor	.08	
Sundry expenses	.11	
		2.19
rriage of milk to the dairy		.77
Gross expenses		8.52
edits:		
Value of manure	.59	
Value of 24 kilograms of skim milk, at 8.86 ore	2.13	
		2.72
Net cost 1 kilogram butter fat		5.80

Reduced to United States quantities and values: 1 kilogram butter fat equals 2.2 unds; 2.2 pounds of butter fat costs 5.80 kronen; average exchange rate on Copengen for the year April, 1920, to March, 1921, 1 kronen equals 15.99 cents; 2.2 pounds itter fat costs $0.927; 1 pound butter fat costs $0.418.

EXHIBIT I

Exports of butter and cheese from Argentina, 1910–1919.

mpiled from the official publication "Anuario del Comercio Exterior de la Republica Argentina."]

Years.	Butter.	Cheese.	Years.	Butter.	Cheese.
	Pounds.	*Pounds.*		*Pounds.*	*Pounds.*
0	6,342,634	809	1916	12,502,172	502,012
1	3,076,813	1,142	1917	21,671,558	6,015,015
2	8,106,314	4,281	1918	41,821,262	14,177,253
3.	8,342,206	16,186	1919	44,881,247	19,561,969
4	7,675,661	8,216	1920 [1]	33,576,504	
5	10,191,152	13,344	1921 (11 months) [1]	37,726,606	

[1] From Argentine River Platte (a commercial publication), November 25.

BRIEF OF GRAY SILVER, REPRESENTING THE AMERICAN FARM BUREAU FEDERATION.

It is shown that a tariff is needed to protect the American dairy farmer from th[illegible] importation of quantities of dairy products, which, though small in volume, grea[illegible] depress the market price received by American dairymen.

It is shown that this tariff will not seriously increase the cost of dairy products [illegible] consumers, nor deprive them of the benefits of importation in case of a shortage [illegible] production within the United States.

IMPORTS AND EXPORTS.

Tables I to VI present the figures as to exports. Table VI balances imports [illegible] exports on a milk basis. They show that from 1910 to 1914 imports and expor[illegible] about balanced, but that exports have greatly exceeded imports since 1915 [illegible] diminishing rate since 1918, however, the excess being only 828,000,000 in the [illegible] half of this calendar year. The European cheeses have been included in Table VI as imports. It would have been better to have omitted them. They are larg[illegible] made from skim milk or other than cow's milk. Also they do not compete wi[illegible] our dairy products really.

As to butter, we have usually had an excess of exports, but since 1919 the exc[illegible] has decreased until for the fiscal year 1921 the deficit was 25,000,000 pounds. [illegible] June and July of this year, however, exports have been in the lead.

As to cheese, an excess of imports seems to be normal, but during the war th[illegible] reverse was true. For the fiscal year 1921 we were back on an excess import bas[illegible] Our exports of cheese are of the cheddar type, and our imports are over half of th[illegible] various European types not made in the United States at all, or in some cases n[illegible] made in sufficient quantities.

It was in condensed and evaporated milk that our big exports were made. "Th[illegible] Europeans have usually taken condensed rather than evaporated milk." The w[illegible] created a tremendous demand for condensed milk. Our production more th[illegible] doubled from 1914 to 1919. Exports grew to over 700,000,000 pounds in 1919. Sin[illegible] then, however, our exports have slumped badly, being only 262,000,000 in fiscal ye[illegible] 1921.

Our imports of milk and cream from Canada have always exceeded our exports [illegible] Canada. This is largely a matter of geography, the dairy sections of Canada b[illegible] nearer to our large cities in the East than any dairy sections of our own adequa[illegible] supply the needed milk and cream without being subsidized.

The Tariff Information Survey on dairy products shows that our imports of but[illegible] have mostly come from Canada and Denmark, Canada being in the lead increasing ever since 1916. Formerly considerable imports came from Australia and Ne[illegible] Zealand. Recently our imports seem to have returned to former channels, Denm[illegible] leading by a margin of 10,000,000 pounds in 1920 (calendar year). Netherlands [illegible] us over 3,000,000 pounds in 1920. Australia did not ship much here in 1920. [illegible] New Zealand sent us 645,000 pounds. Argentina has become a new entrant [illegible] the field, shipping us over 4,000,000 pounds in 1920.

Obviously the countries south of the Equator have a seasonal advantage over [illegible] our winter dairy production.

Our exports are mostly to the West Indies, Mexico, Central America, the north[illegible] States in South America, Philippines, and Canada.

The reason for our recent reversal in butter commerce is partly explained by Ta[illegible] VII. Ever since August, 1920, butter prices have been high in the United Sta[illegible] relative to prices of other farm products. Along with this must be taken the [illegible] that in Europe prices have been relatively low, butter being a luxury over th[illegible] Great Britain, by trade agreements with Canada, has also shut off the Danish imp[illegible]

Our cheese imports have come from Italy, Switzerland, France, and the Netherla[illegible] but recently considerable has come from Argentina. The imports from Argentina [illegible] partly of the Italian varieties, taking the place of what formerly came from Ita[illegible] Great Britain has always received the major portion of our exports, Cuba ra[illegible] second. Mexico, Central America, the West Indies, and Canada have received [illegible] of the remainder.

What little condensed milk has been imported came from the Netherlands [illegible] Switzerland up to 1916 and 1917, but since then has come mostly from Canada. T[illegible] Netherlands was back again in the game in 1920, but has shipped very little t[illegible] United States since last August. New Zealand shipped 111,000 pounds one mo[illegible] 1920, but has shipped none since. (I do not understand why the Netherlands should [illegible] to the United States when the United States is at the same time exporting [illegible]

ıntities to the United Kingdom and France; there must be some special reason it.[1] Our exports to the United Kingdom, Belgium, and France have been large ce 1916 and were still large in 1920. Cuba and the Philippines are the largest other ısumers of our goods. Panama and China also import our condensed milk.

PRODUCTION.

'he billion pounds of milk imported into the United States in the form of butter, ese, cream, etc., in the fiscal year of 1921, is only 1 per cent of our total production. ' excess of exports over imports was 7 per cent in 1917, but has been less than 1 cent in 1921. Our excess imports of butter in the fiscal year 1921 were only 2 cent of our total factory and farm butter production. Our total combined imports ailk and cream were about 1 per cent of the household use of milk and cream in United States. Foreign trade is therefore a minor factor in this field.

able VIII shows the growth of dairying in the United States in terms of dairy cows. get comparable figures, heifers a year old and over on January 1 were included. had over 3,000,000 more dairy cows in the United States in 1919 than in 1909. increase was from 3.2 per farm to 3.7 dairy cows per farm. The increase was slight, however, in the New England and North Atlantic States.

ut the absolute production of milk is important in this connection, but the increase elation to the demand. The question of the effect of a tariff on dairy products in long run depends upon whether our milk production will keep up with our popula- and our per capita consumption. (The tariff for particular emergencies or porary deficits like the present is a separate matter and will be discussed later.) answer to this question involves a consideration of the various systems of farming peting with dairying.

orn-and-hog farming always has had first choice of our farming land over dairy lucts, and it will continue to do so until our agriculture is very greatly intensified. ean by this that land that is well suited to growing corn for grain and feeding hogs be used for that purpose in place of for producing milk, and will, as at present, worth more per acre for that purpose than for dairying. Land not so well suited for will be used for dairying and will be worth less per acre. Milk, however, being ant a product which requires production near where it is consumed, will always produced in considerable quantity everywhere. Furthermore, a considerable pro- tion come as a sort of by-product to beef-cattle farming, or as a supplement to other enterprises.

ow, there is in this country a very large acreage of land available for dairy pro- tion that corn production will not need. It is located mostly on the northern of the Corn Belt. At present dairying is competing seriously with grain for this itory. Within the last 10 years, it has gained ground over grain farming in much is territory. The tendency will be for this to continue, for the simple reason that ying is a more intensive system of farming than grain farming, and growing popula- will gradually compel us to produce a larger product per acre. (At a still later e, cereal crops for direct human consumption tend to replace dairying.) At any one , the limit between grain farming and dairying will depend upon the relative es of grain and dairy products. The question is as to whether world prices for y products, that is, prices that will prevail under a system of free trade with other ntries, will give us an adequate home production.

urope in general is at a deficit stage in milk production. The limit in milk con- ption in a populous country, however, is likely to be reached before the limit of luction; that is, the economy of farm production may make possible the production xport of dairy products which the producers themselves can not afford to eat. is true of some of the territory exporting dairy products in Europe to-day. Thus however, other countries of Europe, more prosperous, have been able to absorb surplus. (Just now, due to the war cost, this probably is not true, but the condi- is probably temporary. We need not fear milk competition from Europe.)

he newer countries, like Argentina and Canada, are passing into dairy production. ada, being largely north of profitable growing of corn for grain, is essentially a and dairy region. We can expect a surplus production in that area. The petition of dairying in most of Canada is with grain, as in the United States. It kely that there is ample territory in the United States which can produce on even s with Canada so that we need not worry over production from that source. That not mean that there will not be imports from that source. If Canada were a

[1] xplanation seems to be that they are Nestle & Co. branded goods.

part of the United States there would be much moving of dairy products, especially milk and cream, over the present boundary. This is merely a matter of geography and location with respect to big centers of consumption in the United States. Under free trade the same thing will happen. The bulk of the movement will be toward the United States, because we have the population. So long as we are sending dairy products to Europe, putting a barrier against Canadian products will have no important effect, except for milk and cream, which must have a local market. If we develop a domestic deficit, then a tariff against Canadian butter, cheese, and condensed milk will be effective, prices will rise enough to attract more land into dairying away from small grain and corn.

Argentina has a large area, like the United States, that is better suited for dairying than for corn and where dairying competes with small grain. As in the United States dairying will expand as fast as small grain will let it.

The solution virtually is about this: The United States, Argentina, and a few other new countries have territory within them situated favorably, in an economic sense, for producing dairy products. Small grain and dairying and corn-and-hog farming, to some extent, are competing for this territory. Grain is well suited to export, as is corn. Dairying is likely in any of these regions to maintain itself at a point where it supplies the home demand, and some in addition for export. Grain will be exported in preference to dairy products. If, however, deficits develop in Europe or elsewhere, then prices will be high enough to favor exporting a little more dairy products and a little less grain. As grain prices are largely on an export basis in these countries, so also must dairy products be, even though little or no dairy products are exported. Competition with grain for land keeps them on this basis. In whatever export trade develops, the various countries named, United States, Argentina, will be on an even basis, except for differences in ocean hauls and interior hauls to exporting points. Our data on imports and exports show that the Tropics always are deficit areas, and this means that the United States, Argentina, and similar regions must have a surplus to export to them. All will compete for this trade. Prices at home will be set by this market, and the market in Europe in case there is a deficit there, less transportation costs in each case. The same is true for grain prices and grain prices at home keep in line with butter prices.

The purpose of this analysis is to show that price levels are likely to be adequate in the United States to call forth a domestic production sufficient to meet home consumption, and something of a surplus besides.

When the countries producing a surplus are examined more closely, however, some differences may develop, relating principally to methods of production in these countries and supplies of the factors of production. Dairying requires a larger ratio of labor and capital to land than does grain farming. (Labor for milking, feeding, etc., and capital for buildings, investment in herd, etc.) The particular region which is best supplied with both of these will be favored in dairy production. The level of wages in Argentina relative to the United States does not tell us anything. What we need to know is whether wages are higher or lower relative to land values and interest rates in Argentina than they are in the United States. In general interest rates are relatively high in Argentina and land and wages low. Let us suppose the following:

	Wages.	Interest rates.
		Per cent.
United States	$50	6
Argentina	25	8

Under these conditions, a farm enterprise would be favored in Argentina which, first, used a considerable amount of labor; second, a great deal of land per unit of product; and third, very little capital. (No accurate data covering these points have been discovered in the time at my disposal, but it would seem that Argentina in general does not lend itself strongly to dairying. In the special dairy regions conditions may be quite different, of course. Land values will be higher than the average, but probably not equal to the value of the good corn lands. Wages will be a little lower, and probably interest rates. If there is a large supply of family labor, that will mean more than lower wages.)

As for Canada, there are large areas where all conditions favor dairying, and area is great in proportion to population.

EMERGENCY TARIFF PROTECTION.

Table VII giving prices of dairy products, cereals, etc., from 1909 to 1921, the iverage of years 1909–1914 being taken as 100, shows that from 1916 (starting in July) intil August, 1920, prices of butter were below the prices of other farm products. For period of a year from May, 1917 to May, 1918, butter prices were fully 20 per cent elow the average. Since September, 1920, the opposite has been true, butter prices veraging nearly 30 per cent above other farm prices. During the war, the strong lemand was for cereals and textiles. Hence these prices rose fastest. The effect of his was that less than the proper number of hiefers were raised. We are now feeling he results two years later in a threatened deficit of dairy products. During the years rom 1917 to 1920, we were getting the milk from the expansion in dairying that came 1913 to 1916.

TABLE IX.—*Milk cows in United States, 1910 to 1921* (*Bureau of Crop Estimates*).

910	20,625,432	1916	22,108,000
911	20,823,000	1917	22,894,000
912	20,699,000	1918	23,310,000
913	20,497,000	1919	23,475,000
914	20,737,000	1920	23,619,000
915	21,262,000	1921	23,321,000

(Table IX contains the evidence for this statement.) Our prices were low in this eriod, and we had a large exportable surplus. We are now facing the possibility of deficit for a period. It may not actually develop, but the fact that prices have arted upward vigorously again of late indicates that it is likely to happen.

Part of the impending deficit is due to maladjustments that came during the war. here was a tremendous shift to condensed milk and cheese, and we are not back to a ormal basis yet.

If the deficit develops, then the tariff will maintain prices at a higher level until ch time as production catches up again. The tariff in the meantime acts as a subdy to the dairy industry, stimulating the industry to make up the deficit as quickly possible. Consumers are interested in this process as much as the producers—in ct, more so. There is always one danger connected with it, namely, that the subsidy ill overstimulate production, with a consequent period of a large exportable surplus. very moderate stimulant is all that can safely be advised.

LOCAL TARIFF ISSUES.

There is always a deficit of milk and cream in the New England States. Even ough much milk and cream comes from Canada, prices are always considerably gher there than in New York and Philadelphia. The effect of a tariff will be to ise prices on milk and cream to a still higher level in Boston. If the tariff is very gh prices will rise part way and consumption will fall off. (Condensed milk and ilk powder will be substituted increasingly for fresh milk if fresh milk prices rise uch higher in New England relative to the dairy sections in the United States.) he additional supply of milk will come in part from farms in New England, more rgely from farms to the west, and from creameries in New England. This will croach on New York and Philadelphia territory and raise prices a little there.

If the tariff is moderate, some milk will still come from Canada, prices will rise the ll amount of the tariff, consumption fall off less, and the rest of the supply will come om New England and West. The lower the tariff, the more will be imported.

It is a mistake to assume that producers will benefit by the full amount of the rise price. Only those who are now producing at present prices will benefit the full ount of the rise. The new production will take the place of other products (now oduced). Only the extra profit of the new enterprise over the old will be a benefit. me of the new producers will just break even and make no more profit than from eir former enterprises. On all the milk that is transported from longer distances, tra hauling costs will be taken out.

THE RATE—BUTTER.

It will be apparent from the foregoing analysis that no large permanent protection needed, even if it is highly important that we produce all our own dairy products ich seems to me open to some question. We do not produce all our own wool, flax, gar, etc., why should it be a serious matter if we do not produce quite all our own

butter? We probably can, however, even without a tariff; the question is purely an academic one. What is really needed is some way of stabilizing the industry. The tariff method of doing this on the whole is a poor method. Nevertheless it seems to be the easiest and most popular one. I would recommend that the remedy be applied cautiously, that a tariff be applied with the idea of giving the industry a stimulus to catch up, and not to over-catch-up.

It is difficult to predict what tariff will shut out all importations of butter until home production catches up; any tariff can be passed entirely on to the consumer up to the point where the added price cuts consumption down. In other words, a tariff can be used to extort a full monopoly price from the consumer until production catches up. The importer will sell for the same price (net) in this market regardless of the tariff, until home production catches up. The only difference will be that American consumers will not take as much if the tariff passed on to him is a stiff one.

The right way to figure is not the foregoing, but instead, what addition to price will give a good, healthy stimulus to the industry. I am of the opinion that 6 cents per pound is about all that is wise. I don't believe it well to shut out all foreign butter. But I think it will give our industry a chance to get back on its feet in plenty of time.

WHOLE MILK.

On the basis of physical equivalents, 6 cents per pound on butter equals about [illegible] cents per gallon on milk. Butter has to be manufactured, on the one hand, but the skim milk is left with the producer. These may be assumed to offset each other. Milk, however, is more expensive to transport than butter. But since the [illegible] purpose of using this method of equivalents is to keep milk from being shipped over the line to be made into butter, the transportation difference is not very important, unless one goes back a ways from the line. (It costs over 5 cents more to ship a gallon of cream from Sherbrooke to Boston than it would its butter content.) Transportation, however, may be considered as protection in this case.

The system of computing rates on physical equivalents is not valid. Only when the tariff is actually raising the price of our butter over Canadian butter is there an incentive to carting whole milk over the line to be made into butter. As we have seen, only temporarily or occasionally will there be this price difference. Since it is so transitory, no regular business will be built up on the basis of it. The so-called "line creameries" started in 1909 on the basis of the Payne-Aldrich differential [illegible] learned this to their sorrow. Besides, it would be cream that would be gathered in Canada and not milk anyway.

The real purpose of the tariff is to keep Canadian milk out of Boston and other New England markets. Very little milk is so imported anyway, but since the New England milk producers are interested in academic as well as practical questions we must address ourselves to it. Whole-milk prices in Boston are considerably above butter-content values. The system of arriving at prices to producers clearly recognizes this. Nor is the excess of milk prices over butter-content values a [illegible] thing. It varies from season to season, from contract to contract, from city to city. The tariff protection needed must therefore vary with these differentials. The higher the differential, the more likely milk is to be brought in from Canada, because more milk will be worth more as whole milk in Boston than as butter in Canada. Transportation rates of course affect this problem. They have doubled since [illegible]. This lowers the value of Canadian butter on the Canadian side (farther from its market), but raises prices of whole milk in Boston. Since milk is 24 times as heavy as butter made from its butter fat, the rise in rates has given added protection to the New England whole-milk market. Another factor in the problem that must be considered is competition with cream. Most of the cream comes from a distance entailing [illegible] cents per gallon of transportation expense. As cream, this same butter fat can be shipped for a tenth of this amount. The cream rate should be about 11 times the butter rate, less about 5 cents per gallon. The new milk supply shipped will largely come from stations in the United States now shipping cream. The whole-milk rate can safely be a little high relative to cream, because it is more bother to produce market milk than market cream.

The Payne-Aldrich rate was 2 cents per gallon. Just a little milk dribbled in under this tariff. A 2-cent rate for milk and about 10 or 12 cents on cream would be reasonable equivalents (2 and 17 cents or equivalent technically). The emergency bill levies 2 cents per gallon. Some milk seems to have been imported. This, however, may be temporary. The Fordney bill proposes 1 cent per gallon. It may be entirely adequate in the end. One cent on milk and 5 cents on cream would be near enough to equivalent.

CREAM.

Physical equivalence, assuming 40 per cent cream, would make 24.4 cents per allon as equal to 6 cents per pound of butter. A gallon of 40 per cent cream weighs .28 pounds. It contains 3.39 pounds of butter fat, which at 20 per cent overrun nakes 4.07 pounds of butter. ($4.07 \times 6 = 24.4$ cents.)

There is more purpose to the method of physical equivalents in the case of cream han of whole milk, because a large part of the cream comes out of butter territory in 'anada; also the buyers have to buy on a butter basis. However, only in case butter rices are higher in the United States than in Canada, as during the present temporary hortage, will there be a tendency for cream to be shipped over the line to be made nto butter. During a period of this kind, cream wagons might haul from Canadian erritory to advantage, but the volume of business represented would be small.

So far as Canada is concerned, shutting Canadian butter out of our eastern markets ill undoubtedly lower the prices in some areas on the Canadian side by a small mount, relative to prices in the United States, even though both countries are on an xport basis. New York is the most economical market for these producers. They re nearer to it than is Minnesota. Hence they enjoy the advantage of location with espect to it, which reflects itself in higher prices. When they are shut out of this arket, then butter must go into export over a more expensive haul. English prices ss cost of hauling will set the level of prices. New York prices in a period of export e set largely by export to the West Indies, Central America, and South America, though most of the time enough is exported to Europe to keep the two export prices line. The New York price thus established is about the same as the Canadian xport price. Now, to the extent that any Canadians can reach New York cheaper an they can Canadian export prices, they will be injured by a tariff shutting their utter out of the United States. Of course, it can not be very much.

Lower prices for butter in Canada will probably mean a little less production and ore grain and other competing crops.

Part of this same analysis applies to the advantage of location of the dairy regions the United States with respect to consuming sections in our own Southern States d to Central and South America. The Canadians have profited from this indirectly, that the moving of our butter south has left the New York market a little more open them.

The foregoing is merely an example of a local effect of a tariff which may result en though both countries are on an export basis.

To shut out Canadian butter permanently, therefore, a little tariff is needed to ercome this local advantage. I would say that 2 cents is more than adequate in dinary times, and 4 cents in emergencies.

It will later be developed that about 6 cents is all that is wise for a general emergency riff. If desired, the 2 cents for local protection can be added to the 6 cents for ergency protection, although it is my judgment that that is unnecessary, the 6 nts will be in force all of the time even though needed only in emergencies.

A further statement needs to be made as to tariff and grades of butter. Although e general level of butter prices may be no higher in New York than in Europe, it ay happen at any time that either the lower or the higher grades are selling at a emium there over other markets. This may encourage imports of those grades for while.

Also, as to local effect, local creameries make all kinds of butter. For a time, a nadian creamery just over the line may find it profitable to pay 2 cents tariff and sell the United States, because of a market for his very poor or very good butter.

But the total effect of the Canadian butter that comes to the United States is practically nothing so far as price is concerned. The effect is not as much as one-tenth of cent, for the simple reason that the amount is relatively infinitesimal. It is a case taking a cent or two of local advantage away from a few Canadian dairymen for the ke of an imagined advantage to us.

But of course tariffs are not made on the basis of the effects they produce, but rather lely for the sake of keeping out foreign goods.

Hence the tariff must be based mainly on keeping cream out at other times. The estion is one of balancing the value of Canadian cream for butter purposes in Canada ainst what it will cost to get an adequate supply of cream from this side of the line, d this is not a question of physical equivalents, but of higher costs balanced against wer consumption. The nearest calculation that can be made is on the basis of the tra cost of hauling the additional United States cream from Western New York and milar areas over the average cost of hauling the present supply obtained in the nited States. Some of the additional cream will be produced on New England rms at increased costs, but these costs will be balanced against added transportation

costs, the two being about equivalent. Hence one will serve as a measure of the other. The distance will have to be counted from New England to the new source of supply. Surely 10 or 12 cents per gallon is amply adequate for this. The emergency rate of 5 cents has not for the time being stopped importations. But butter is at a premium over Canada in the United States at present. Also it takes time to seek out new sources of cream supply. A year or two may be needed for the main buyers to make the shift, but it will surely come. I am not sure that 5 cents might not prove adequate after a year or two.

There is little or no danger involved of milk being shipped into the United States to be made into cheese. It is merely a question of foreigners making their export product up as cheese instead of butter if there is a deficit of dairy products in the United States and if import rates favor cheese. It usually takes about 10 pounds of milk to make a pound of cheddar cheese. A butter rate of 6 cents per pound of butter (25.2 cents per 100 pounds of milk) equals 2½ cents per pound on cheese. Transportation costs are higher. The Fordney bill proposes 5 cents per pound. The 1909 rate was 6 cents per pound. The 1913 tariff of 20 per cent was a reduction until cheese imports rose in value to 30 cents per pound and over in 1917–1920.

I am in favor of a reasonably high tariff on cheese. It will not permanently raise the price of cheddar cheese, since cheese prices can not permanently rise above butter price, equivalents—the two are in close competition over wide areas, and normally butter will not be affected at all by a tariff. Five cents means no more protection than 2½ cents. Most of our imports will be of foreign varieties, which are either more or less luxuries, or are consumed by our foreign population. They make a good source for revenue. The incidental protection afforded our Swiss-cheese industry will be worth while. The 5-cent rate is therefore satisfactory.

CONDENSED AND EVAPORATED MILK.

Under normal conditions from now on, there will need to be little protection for condensed and evaporated milk. Our exports are sure to be greatly in excess of imports. Just at present, however, the world is oversupplied with the product, and there is a good deal of dumping going on, from which we are suffering a little. The condensed industry is highly organized in Europe, the Nestle Co. being very aggressive after foreign markets. Only when prices of dairy products are relatively high in the United States, however, is there likely to be any condensed milk imported. The tariff is therefore largely for temporary conditions.

On the basis of physical equivalents, the duty on evaporated milk should be twice that on whole milk (6 cents per pound—one-fourth cent per pound on whole milk, or one-half cent per pound on sweetened condensed milk, two and one-half times that of whole milk, or five-eighths cents per pound. To this rate should be added a little protection on the conversion costs of manufacturers. The Fordney rates are 1 and 1½ cents per pound. They are satisfactory.

The Fordney rates on milk powders are based on equivalents and in proportion to those on condensed and evaporated milk.

A further statement is necessary here. It has been pointed out with respect to butter that effects of location will cause a tariff to lower the price of butter in territory close to the United States boundary by 1 cent per pound, perhaps 2 cents, at times. This will require a duty of 4 cents per gallon, or perhaps 8 cents, minus a small extra transportation charge for cream over butter.

It is also true that when butter prices are relatively high in the United States because of temporary shortages here, that cream can be profitably shipped from Canada to the United States in place of butter unless the duty on cream is equal to its butterfat equivalent. For this reason cream seems to be coming into the United States now in spite of an emergency tariff of 5 cents per gallon. If it were feasible to ask for a tariff at this time on cream at a rate of 24.4 cents per gallon, it would check this importation. But it does not seem feasible to ask for 25 cents when the most that has ever been levied is 6 cents per gallon. If the entrance of Canadian cream meant a serious loss to the dairymen of the United States there would be some purpose in it. If Canadian cream starts to lower the price of cream in Philadelphia, then more cream will be made into butter, and will receive the benefit of the high butter prices prevailing. Cream prices are always closely in line with butter prices. The dairymen's organizations are mostly able to shift from cream to butter and back very quickly. Here the damage to the dairymen is not very great after all—it is for the most part an apparent, not a real, damage. On the other hand, 25 cents a gallon on cream will cause a lot of opposition from all sources and will seriously prejudice the whole dairy program. The dairy interests of the rest of the United States can not afford to take this chance for the sake of the dairymen of the North Atlantic States.

TABLE I.—*Butter, production, imports, and exports, 1910 to 1921, in pounds.*

Year.	Factory production.[1]	Imports, fiscal year.[1]	Reexports, fiscal year.[2]	Net imports.	Exports, fiscal year.[1]	Excess of exports.	Excess of imports.
0	627,145,865	1,360,245	10,194	1,350,051	3,140,545	1,790,494	
1		1,007,826	9,135	998,691	4,877,797	3,879,106	
2		1,025,668	40,151	985,517	6,092,235	5,106,718	
3		1,162,253	3,432	1,158,821	3,585,600	2,426,779	
4	786,003,489	7,842,022	51,935	7,790,087	3,693,597		4,096,490
Average, 1910–1914		2,479,603	22,969	2,456,633	4,277,956	1,821,323	
5		3,828,227	148,696	3,679,531	9,850,704	6,171,173	
6	760,030,573	712,998	21,265	691,733	13,487,481	12,795,748	
7	743,895,068	523,573	2,610	520,963	26,835,092	26,314,129	
8	798,799,514	1,805,925	218	1,805,707	17,735,966	15,930,259	
9		4,131,469	3,476	4,127,993	33,739,960	29,611,967	
0		20,770,959	101,697	20,669,262	27,155,834	6,486,572	
Average, 1915–1920		5,295.525	46,327	5,249,198	21,467,506	16,218,308	
st half 1920 (calndar year)[2]		14,543,686	84,336	14,459,350	14,952,379	493,029	
st half 1921 (calndar year)[2]		11,443,167	959,115	10,474,052	5,293,899		5,180,253
cal year 1921[2]		34,343,653	1,038,507	33,305,146	7,829,255		25,475,891
ne, 1921[2]		33,884	5,194	28,690	696,232	667,542	
y, 1921[2]		191,748	2,250	189,498	531,078	341,580	

Tariff Information Survey, Dairy Products, pp. 24–41.
Monthly Summary, Department of Commerce.

TABLE II.—*Cheese, production, imports, and exports, 1910 to 1921, in pounds.*

Year.	Factory production.[1]	Imports, fiscal year.[1]	Reexports, fiscal year.[2]	Net imports.	Exports, fiscal year.[1]	Excess of exports.	Excess of imports.
0	320,532,181	40,817,524	138,754	40,678,770	2,846,709		37,832,061
1		45,568,797	106,178	45,462,619	10,366,605		35,096,014
2		46,542,007	104,980	46,437,027	6,337,559		40,099,468
3		49,387,944	101,914	49,286,030	2,599,058		46,686,972
4	370,278,599	63,784,313	152,244	63,632,069	2,427,577		61,204,492
Average, 1910–1914		49,220.117	120,814	49,099,303	4,915,502		44,183,801
5		50,138,520	294,976	49,843,544	55,362,917	5,519,373	
6	333,593,841	30,087,999	267,201	29,820,798	44,394,301	14,573,503	
7	394,845,038	14,481,514	169,976	14,311,538	66,050,013	51,738,475	
8	378,939,610	9,839,305	122,187	9,717,118	44,303,076	34,585,958	
9	430,853,213	2,442,306	30,825	2,411,481	18,791,553	16,380,072	
0		17,913,682	3,064,316	14,849,366	19,378,158	4,528,792	
Average, 1915–1920		20,817,221	658,247	20,158,974	41,380,003	21,221,029	
rst half 1920 (calndar year)[2]		8,028,438	2,752,550	5,275,888	12,749,922	7,474,034	
st half 1921 (calndar year)[2]		8,619,391	86,003	8,533,388	7,283,996		1,249,392
scal year 1921[2]		16,584,678	215,428	16,369,250	10,825,603		5,543,647
ne, 1921[2]		1,691,860	11,356	1,680,504	856,313		824,191
ly, 1921[2]		1,253,505	5,491	1,248,014	2,200,800	952,786	

Tariff Information Surveys, pp. 48–75.
Monthly Summary, Department of Commerce.

TABLE III.—*Condensed and evaporated milk production, imports, and exports,* *pounds.*[1]

Year.	Domestic production.[2]	Imports for consumption, fiscal year.[2]	Reexports.	Exports, fiscal year.[2]	Net exports.[1]
1910	....	598,143	(3)	13,311,318	12,713,184
1911	....	630,308	(3)	12,180,445	11,550,137
1912	....	698,176	(3)	20,642,738	19,944,562
1913	....	1,778,043	(3)	16,525,918	14,747,875
1914	874,410,504	14,950,973	(3)	16,209,082	1,258,109
Average 1910-1914	....	3,731,127	(3)	15,773,900	12,042,773
1915	....	33,613,389	(3)	37,235,627	3,622,238
1916	992,364,000	18,173,426	(3)	159,577,620	141,404,194
1917	1,333,786,000	18,356,416	(3)	259,141,231	240,784,815
1918	1,675,934,000	29,926,931	(3)	528,759,233	498,832,302
1919	2,030,957,000	20,007,704	(3)	728,740,509	708,732,805
1920	....	18,303,268	(3)	701,533,270	683,230,002
Average 1915-1920	....	23,063,522	(3)	402,497,951	379,434,393
First half 1920 (calendar year)[4]	....	5,461,907	(3)	279,782,350	267,932,222
First half 1921 (calendar year)[4]	....	7,061,877	(3)	131,372,574	124,006,698
Fiscal year 1921[4]	....	16,584,495	(3)	262,668,206	242,395,678
June, 1921[4]	....	364,681	(3)	21,700,229	21,345,548
July, 1921[4]	....	623,398	(3)	17,337,648	16,714,250

[1] Imports, preserved or condensed or sterilized. Exports, condensed or evaporated.
[2] Tariff surveys, pp. 77-94.
[3] Expressed in value only prior to 1919.
[4] Monthly summary.

TABLE IV.—*Milk imports and exports, 1910 to 1921.*

Year.	Fresh milk imports for consumption, fiscal year.[1]	Value of milk and cream exports, fiscal year.[1, 2]
	Gallons.	
1910	140,492	....
1911	213,595	....
1912	46,823	$244,913
1913	45,935	474,055
1914	607,848	333,217
Average 1910-1914	210,939	....
1915	1,263,649	343,583
1916	891,931	524,426
1917	1,791,546	253,629
1918	1,933,380	227,042
1919	1,793,840	613,623
1920	2,832,318	1,766,236
Average 1915-1920	1,751,111	621,423
First half 1920 (calendar year)	1,007,705	215,543
First half 1921 (calendar year)	778,644	274,533
Fiscal year 1921	2,291,596	440,616
June, 1921	(3)	39,254
July, 1921	(3)	18,585

[1] Tariff surveys, p. 19.
[2] Including cream.
[3] Not given separately; see cream imports.

TABLE V.—*Cream imports and exports, 1910 to 1921.*

Year.	Imports for consumption, fiscal year.[1]	Value of milk and cream exports, fiscal year.	Year.	Imports for consumption, fiscal year[1]	Value of milk and cream exports, fiscal year.
	Gallons.			*Gallons.*	
10	731,375	....	1919	797,525	$613,023
11	2,335,438	....	1920	1,156,822	1,766,236
12	1,120,240	$244,913	Average, 1915-1920	1,113,495	621,423
13	1,247,351	474,055	First half 1920 (calendar year)	538,543	[3] 215,543
14	1,773,113	333,217	First half 1921 (calendar year)	353,855	274,533
Average, 1910-1914	1,441,503	....	Fiscal year, 1921	1,412,472	440,616
15	2,077,392	343,583	June, 1921	[2] 726,006	....
16	1,193,911	524,426	July, 1921	[2] 545,469	....
17	743,819	253,629			
18	711,502	227,042			

Tariff Surveys, p. 19.
Monthly Summary.
These are milk and cream figures combined.

TABLE VI.—*Balance of imports and exports of dairy products, 1910-1921, expressed in pounds of milk with 3.5 per cent butter fat.*

IMPORTS.

		Butter (100/4.2).	Cheese (1 pound=10 pounds).	Total.
al year:				
1910	75	32,	40 87,700	460,504,812
1911	00	23,	45 26,190	542,071,534
1912	92	23,	46 70,270	518,885,270
1913	56	27,	49 50,300	557,473,081
1914	15	185,	63 20,690	910,150,193
1915	14	87,	49 35,440	659,745,234
1916	04	16,	29 77,980	437,184,797
1917	30	12,	14 15,380	235,550,652
1918	52	42,	9 71,180	249,985,352
1919	45	98,	2 14,810	206,422,787
1920	18	492,	14 93,660	740,581,059
1921	78	792,	16 92,500	1,054,282,908
ndar year:				
First 6 months 1920	09	344,	52,758,880	433,244,558
First 6 months 1921	51	249,	85,333,880	366,160,062

EXPORTS.

	Milk and cream.	Condensed milk.	Butter.	Cheese.	Total.	Excess of imports over	Excess of exports over
al year:							
1910	....						
1911	....						
1912	15,718,297						
1913	26,999,158						
1914	21,385,569						
1915	16,058,771						
1916	34,692,796	1					
1917	13,806,124	(					
1918	9,478,456	1,2					
1919	21,451,857	1,1					
1920	57,103,871	1,7					
1921	18,946,488	(					
ndar year:							
First 6 months 1920	6,866,063	(					
First 6 months 1921	11,804,909	3					

TABLE VII.—*Comparison of butter prices with beef, hog, corn and wheat prices, also with weighted average price of 31 farm products.*[1]

	31 products.	Butter.	Beef cattle.	Hogs.	Corn.	Wheat.
1919—June	217	209	188	249	253	[illegible]
July	220	206	187	265	255	[illegible]
August	227	207	193	264	271	[illegible]
September	217	205	177	211	280	[illegible]
October	214	201	170	188	227	[illegible]
November	223	210	173	192	216	[illegible]
December	223	214	175	183	236	[illegible]
1920—January	229	216	178	190	241	[illegible]
February	231	212	176	191	247	[illegible]
March	230	216	172	183	245	[illegible]
April	237	221	167	181	255	[illegible]
May	244	233	163	186	262	[illegible]
June	246	228	171	184	274	[illegible]
July	242	225	168	188	266	[illegible]
August	225	223	169	186	232	[illegible]
September	207	215	163	187	219	[illegible]
October	191	211	153	184	179	[illegible]
November	168	203	143	167	141	[illegible]
December	143	195	129	128	119	[illegible]
1921—January	133	173	125	124	115	[illegible]
February	128	165	118	121	105	[illegible]
March	122	163	120	123	107	[illegible]
April	113	159	111	105	101	[illegible]
May	107	156	109	105	92	[illegible]
June	106	125	104	101	92	[illegible]
July	....	127	....	....	90	[illegible]

[1] The indices are percentages of the average prices of the same months for the years 1909–1914.

TABLE VIII.—*Number of dairy cattle in the United States, by geographic divisions.*[1]

	1919 (1 year and over), June 1.	1909 (15½ months and over), Apr. 15.		1919 (1 year and over), June 1.	1909 (15½ months and over), Apr. 15.
United States	23,729,421	20,625,432	South Atlantic	2,016,267	[illegible]
			East South Central	2,031,077	[illegible]
New England	1,015,639	841,698	West South Central	2,318,343	[illegible]
Middle Atlantic	2,916,408	2,597,652	Mountain	754,447	[illegible]
East North Central	6,066,566	4,829,527	Pacific	1,120,066	[illegible]
West North Central	5,490,608	5,327,606			

[1] The only comparable figures obtainable are on the basis indicated.

BUTTER.

[Paragraph 709.]

STATEMENT OF O. M. CAMBURN, DIRECTOR OF THE DIVISION OF DAIRYING AND ANIMAL HUSBANDRY, MASSACHUSETTS DEPARTMENT OF AGRICULTURE.

Senator WATSON. Give your name, please.

Mr. CAMBURN. Mr. Chairman, I am O. M. Camburn, director of the division of dairying and animal husbandry of the Massachusetts Department of Agriculture, appearing as secretary of the New England Dairy Tariff Committee with relation to the Fordney tariff bill, H. R. 7456, paragraph 709, on butter.

This committee is opposed to the rate given on butter of 8 cents, in the first place, because the relative costs of production between the United States and competitive foreign countries show that a higher duty is necessary to protect the United States producers.

In the second place, the increased price level on butter requires higher rate to give the same ad valorem protection as obtained der former tariffs.

Comparing Canadian costs of production and New England costs production——

enator WATSON. You are speaking now of butter wholly?

Mr. CAMBURN. Costs of production as applied to milk, stated in ms of butter. We find a difference of 10 cents per pound in favor Quebec. That is, it costs 55 cents per pound to produce butter New England, and it costs 45 cents per pound to produce butter the Province of Quebec.

enator WATSON. Wherein lies the difference?

Ir. CAMBURN. The difference lies primarily in labor costs. We re used what is known as the Warren formula. The Warren mula is a formula developed by Dr. G. E. Warren, of Cornell iversity, which was used by the New York Federal Milk Comsion when they were serving during the war period.

Vhen we take the Canada figures together with the Warren formula l apply the prices as relating to the Province of Quebec and the es for New England generally, we find that the difference in the t of production is $2.93 per hundred pounds of milk in the New gland States and $2.45 per hundred pounds of milk in the Province Quebec. That 100 pounds of milk is 3.7 per cent milk, which ild be, stated in terms of butter, 4.4. That is, 4.4 pounds of ter would equal 55 cents per pound, and the Quebec costs of $2.45 ild be the equivalent of 45 cents a pound on butter.

ome would probably say, and justly, that we should consider asportation rates on that and deduct those. So we find that in zone 281 to 300 miles, which would be the Province of Quebec, transportation cost on account of the butter is 0.0067 cent, for the New England States, in the 201 to 220 mile zone, it is 64, or a difference of 0.03 of 1 cent per pound. So when you tract 45 cents, the cost of producing butter in Quebec, from the ents, the cost of producing it in New England, we have 10 cents pound reduced by 0.03 cent; that would be 9.97, which is pracly 10 cents a pound.

herefore we feel that, due to these comparative costs, the butter rests of New England are entitled to protection to the amount 0 cents per pound on butter.

enator McLEAN. About how would that affect the retail price of ter?

Ir. CAMBURN. I am not inclined to feel that it would affect the il price of butter.

enator WATSON. You produce the butter itself, do you?

Ir. CAMBURN. I was speaking in terms of butter, as that is the is on which we are conducting our argument from a butter standnt. Later another party will present the equalization which we is desirable for milk and cream. We are taking butter as the is on which to establish and make an equalization.

enator WATSON. You are speaking of butter?

Ir. CAMBURN. Yes, sir. The relative costs between the United tes and Denmark will be pointed out by another party, but the erican consul in charge at Copenhagen, Denmark, in a statement

concerning the various items which enter into the cost of producing butter—feed, labor, and overhead costs—when compared with New England costs, showed that it cost 35 per cent more to produce butter in New England than it does in Denmark. I am speaking of that because a considerable amount of Danish butter has been coming into this country.

Another reason why we feel justified in asking for 10 cents on butter is on account of the increased price level. In 1897, when the market price of butter was about 20 cents per pound, a 6-cent duty was put upon it. At the present time, the prices ranging between 40 and 50 cents, we feel that a 10-cent duty is not excessive in order to maintain the relative ad valorem duty.

Senator McLEAN. How does the cost of producing butter now compare with the cost of producing it in 1913, the year before the war?

Mr. CAMBURN. I have no data concerning that matter at the present time, Senator. You mean the comparative costs in Canada, Denmark, etc.?

Senator McLEAN. Yes.

Mr. CAMBURN. No; I have nothing on that.

Senator McLEAN. How does the price of butter now compare with the price of butter before the war, in 1913 and 1914?

Mr. CAMBURN. That would be shown in this Exhibit C, which will be given in the form of an exhibit to be presented as a part of this brief presented by the committee.

Senator WATSON. What is the distance from Boston to the center of the Canadian area from which this product comes? I should like to get the difference in the freight paid by the people in Boston and the Canadian people.

Mr. CAMBURN. The zone would be the 281 to 300 miles zone, between 281 and 300 miles for the Province of Quebec, while the center of the source for the New England States would be around the 200-mile zone. That is, for the year 1920. As Mr. Leach has stated, the source has been moving northward. In 1910 it was nearer to the city of Boston. In 1900, of course, it was still more close.

Senator McLEAN. I should judge from this chart that the price of butter went down to about 33 cents a pound early this season and that since then it has risen to something like 47 or 48 cents a pound. Is that correct?

Mr. CAMBURN. Yes, sir.

Senator WALSH. This year?

Senator McLEAN. Yes. So that the price is higher now than it was several months ago. Perhaps that is due to the seasonal cost of producing it?

Mr. CAMBURN. I was speaking of a range from 40 to 50 cents a pound in reference to the desirability of having a 10-cent rate on butter in order to maintain the relationship between the price of butter and the duty, in order to have an ad valorem protection similar to that given in 1897.

Senator JONES. The wholesale price of butter in Boston for the last week in October was 47 cents.

Senator WALSH. What is the section of Massachusetts that produces butter?

Mr. CAMBURN. I am speaking for New England as a whole.

Senator WALSH. Is there very much produced in Massachusetts?

Mr. CAMBURN. Not a great deal.

Senator WALSH. It is very much scattered?

Mr. CAMBURN. It would be something like three million pounds per ar for Massachusetts as a whole.

Senator WALSH. In the western part of the State?

Mr. CAMBURN. In a general way, in the western half of the State.

Senator WALSH. Is there much produced in New Hampshire?

Mr. CAMBURN. Not as much, Senator, as there was 20 years ago.

Senator WALSH. What about Maine?

Mr. CAMBURN. Especially is that true of New Hampshire and rmont, since those territories were originally cheese-factory terri-ies. Then, in time, they swung over to creameries. Those ameries became shippers of cream. Then, in time, after shipping am, they swung to the shipping of fluid milk. So that in New mpshire, where they formerly were making certain quantities of tter, we find little dairy farming but large quantities of milk being iduced. You might say it is moving northward. In our exhibits hown the range in 1910.

Senator WALSH. Is the range of butter moving northward, too?

Mr. CAMBURN. Yes, sir.

Senator WALSH. Is there much butter produced in Maine?

Mr. CAMBURN. That is shown in our Exhibit G, page 4, for 1920 d 1919 per month by States.

Senator WALSH. How much is produced altogether in New England, d what proportion is it to the consumption?

Mr. CAMBURN. Fifteen and three-quarters millions in 1919 and enteen and two-thirds millions in 1920.

Senator WALSH. What is the consumption?

Mr. CAMBURN. We have no direct showing on consumption. I uld not want to hazard a guess on it, Senator. Our production relatively small as compared with consumption.

Senator WALSH. Less than 10 per cent?

Mr. CAMBURN. Around that figure, I think.

Senator JONES. I have the statistics here for a few years.

Senator WALSH. I would like to have them at this point, Senator.

Senator JONES. In 1919 the domestic production of butter was 56,785,222 pounds.

Senator SUTHERLAND. For the entire country?

Senator JONES. Yes, sir.

Senator SUTHERLAND. That is production?

Senator JONES. Domestic production. The imports for con-mption were 3,020,399 pounds. The exports were 33,739,960 unds.

For 1920 the domestic production was 1,600,000,000 pounds; ports, 19,857,507 pounds. Exports were 27,155,834 pounds.

For 1921, to October 1—I have not the domestic production—the ports amounted to 12,172,730 pounds.

Senator WALSH. That is a substantial reduction.

Senator JONES. That is a substantial reduction; and the exports r the same period were 6,636,749 pounds.

Senator WALSH. That is a reduction also?

Senator JONES. That is also a reduction. The import value of the butter was 42½ cents per pound. The export value was 40 cents per pound for 1921 to October 1.

I have here also in this table figures showing the substitutes, oleomargarine, the quantity produced and exported and the value of the export and its value per pound.

(The statement referred to is as follows:)

Butter production, showing imports and exports.

Year.	Domestic production.	Imports for consumption.	Domestic exports.
	Pounds.	*Pounds.*	*Pounds.*
1919	1,556,785,222	3,020,399	[illegible]
1920	1,600,000,000	19,857,507	[illegible]
1921 (to Oct. 1)	....	12,172,730	[illegible]

Imports 1921, value $5,158,095=42½ cents per pound.
Exports 1921, value $2,679,807=40 cents per pound.

Substitutes, oleomargarine—production and exports.

Year.	Produced.	Exported.	Value of exports.	Value per pound.
	Pounds	*Pounds.*		(Cents.)
1918	326,528,839	....	....	....
1919	359,216,565	20,952,000	$5,179,000	
1920	391,279,512	18,570,000	6,047,000	
1921 (to Oct. 1)	....	2,642,036	543,508	

Wholesale price of butter for week ending October 29, 1921.

CREAMERY, 92 SCORE.

[Cents per pound.]

	New York.	Chicago.	Philadelphia.	Boston.	San Francisco.	Danish.	Canadian.
Monday	47½	44½	47	46½	46½	46	
Tuesday	47½	45	48	46½	46½		
Wednesday	48	45	48½	47	46½		
Thursday	48½	46	49	47	46½	to	..
Friday	48½	46	49	47	46½		
Saturday	48½	46	49	47	46½	48½	

Senator WALSH. Does anybody know how much of the butter comes from Canada and how much from Denmark and other countries?

Senator JONES. Unquestionably the statistics of the Treasury Department will show it.

Senator SUTHERLAND. We ought to have in the record the principal countries from which we import our butter and the quantities.

Senator WALSH. Does the market in Boston get butter cheaper from Canada than from northern New York and from Wisconsin and other dairy States in the Middle West?

Senator WATSON. This gives it for 1917.

Senator JONES. It gives it up until 1919. In 1919 there were nported from Canada 4,095,403 pounds, valued at $1,843,511; from enmark, 21,136 pounds, valued at $18,087; from the United Kingom, 1,323 pounds, valued at $1,261.

Senator SUTHERLAND. That is about $1 a pound.

Senator JONES. Yes. From Australia, 3,265 pounds, valued at ,756.

Senator SUTHERLAND. There must be something wrong in connecon with the valuation of the butter from the United Kingdom.

Senator JONES. From all other countries there were imported 9,342 unds, at a value of $4,517, giving a grand total of importations of 131,469 pounds, valued at $1,869,132.

In 1920 the total importations were 20,770,959 pounds, valued at 0,916,770.

Senator WALSH. About 50 cents a pound.

Senator JONES. Yes; a little over that. So out of a total domestic oduction of 1,600,000,000 pounds the importations amount to only ,000,000 pounds.

Mr. CAMBURN. My recollection is, although I would not like to go that recollection, that the Danish production represents about per cent of the importation; but the foreign and domestic comerce reports would show.

Senator WALSH. Is that of a high quality?

Mr. CAMBURN. The very highest quality. The keenest competion that we have comes from Denmark. But that, I understand, ill be taken care of by another party, coming either to-morrow or xt week, a party who is quite well acquainted with the Danish arket and is handling the Danish butter importation question.

Senator WALSH. Are you familiar with the Boston butter market?

Mr. CAMBURN. Some.

Senator WALSH. Where does the butter sold in the Boston market me from—chiefly from Canada or the Middle West?

Mr. CAMBURN. I have nothing here in regard to the quantities that e coming into the Boston market. I have no statistics on that.

Senator WALSH. I was wondering whether they got Canadian itter cheaper than Middle Western butter or New York butter.

Mr. CAMBURN. Some 9,000,000 pounds came from Canada, but hat comes from the other States I do not know.

Senator WALSH. Into Boston?

Mr. CAMBURN. No; I mean into the country.

Senator JONES. I think it might be advisable to put into the cord at this point our butter importations, beginning in 1910. In e year 1910 there were 1,360,245 pounds; in 1911, 1,782,600 unds; 1912, 1,925,668 pounds; 1913, 1,162,253 pounds; 1914, 842,022 pounds.

That was the first year of the European War.

Nineteen hundred and fifteen, 3,828,227 pounds; 1916, 712,998 unds; 1917, 523,573 pounds; 1918, 1,805,925.

Mr. CAMBURN. In part 29 of the hearings which were held before is committee one of the cream dealers was pointing out the fact at he was unable to secure some 50 jugs of 40 per cent cream. fty jugs of 40 per cent cream weighing 82 pounds to the jug does ot sound like very much. However, he was rather disappointed, appears from his testimony, in not being able to locate that in

three or four days' time, writing out to several of the creameries over New England and not being able to locate it.

When you introduce 50 cans of 82 pounds each, it would be 4,100 pounds of cream. Forty per cent would be 1,640 pounds of butter fat. To secure that amount of butter fat would require some 41,000 pounds of 4 per cent milk. To produce that 41,000 pounds would require some 2,050 cows, if they were to produce on an average of 20 pounds a day. Of course, that is not a high production. So that the 1,640 pounds of butter fat, when made into butter, would represent almost a ton of butter—1,968 pounds of butter.

It is not surprising that a milk dealer can not go into the country and expect to find in two days' time the production of 2,000 cows or enough butter fat to be the equivalent of 1 ton of butter. A creamery which would have that amount of cream available would be in rather a serious condition. However, if they had anticipated the need for that cream it could have been secured as was shown by the replies of various creameries. The Robinson creamery, at Exeter, N. H., stated on May 28 that nearly all might be taken as sweet cream, that they could use it as sweet cream. They were receiving 6,000 pounds of cream monthly.

The Clover Ridge creamery of Millville, N. H., stated on May 3 that if there were a demand for it "We would put in a pasteurizer and sell sweet cream entirely. At present our cream is all made into butter," desiring to sell sweet cream if there were a market there.

The United Farmers' Cooperative Association at Morrisville, Vt., stated that they were shipping 60 per cent of their cream as sweet cream in 1920, and in 1921 it would be about the same.

Senator WALSH. This is in answer to the claim made by some persons who appeared from the wholesale market in Boston to the effect that they could get sufficient cream from the near-by market during a part of the year, but that there were parts of the year, particularly in the summer season, when they were forced and obliged to go to Canada because the supply was not sufficient.

Mr. CAMBURN. They were surprised at the fact that they could not write out to these creameries and secure from them an answer favorable to the shipping of 50 jugs of cream the next day. Had they anticipated that they wanted that cream in July or August and had arranged with those creameries previously, that supply is there, but the patrons need to be notified or at least be acquainted along in the previous winter with the fact that the cream can be sold as sweet cream, so that they can put up ice in order to take care of it and handle it satisfactorily so that it can be sold as sweet cream.

Senator WALSH. You contend that there is sufficient sweet cream produced to take care of the demand of the Boston market if proper notice is given to the producers so that they can store the proper amount?

Mr. CAMBURN. There is a sufficient supply of cream produced that could be taken care of as sweet cream, provided they knew in advance and put up a supply of ice; yes.

Senator WATSON. I notice that you are set down here as the director of the division of dairying of the Massachusetts Department of Agriculture. Is that correct?

Mr. CAMBURN. Yes.

Senator WATSON. In the last 10 years has dairying increased or ecreased in Massachusetts?

Mr. CAMBURN. It has decreased. The cow population in Massaıusetts back a good many years ago was about 200,000. Last year was about 153,000.

Senator WATSON. Do you think it has decreased because of Caıdian competition?

Mr. CAMBURN. That might be true, more especially recently. As e look at the conditions in 1900 and the sources from which milk ıme, we find that Massachusetts was supplying a goodly share of ıat consumed in the city of Boston and that as time goes on the urce continues northward, so that Massachusetts does feel the ımpetition of Canada in the milk coming to the Boston market.

Senator WATSON. Is any other reason operating to produce that me result?

Mr. CAMBURN. I do not recall any at the present time.

Senator WALSH. Do you not think that the abandonment of untry life for the industrial city life is largely or in part responsible r the depreciation in the number of cows and dairy farms?

Mr. CAMBURN. That might possibly be true in some localities. ıme of the men this morning were pointing out the great draw hich the city had for the farm boy.

Senator WALSH. Do you not think also that the health laws and e rigid quarantine laws and laws requiring strict inspection have d a tendency to cause a lessening of farm products?

Mr. CAMBURN. It is desirable to have good inspection in order to ke care of the consumer.

Senator WALSH. I am not complaining about it; I am speaking of e results.

Mr. CAMBURN. When the milk supply comes from a foreign coun-y—I trust it will never come to that, but there might possibly arise time when we would not be able to carry on that inspection.

Senator WALSH. I am not complaining about it. I rather approve it. But when I was governor of the State I recall that very freıently the farmers complained that the inspection was too rigid d that the visits of the inspectors were annoying and they were ing out of the business because of the rigid laws for inspection d the attempt to improve the output.

Mr. CAMBURN. Of course there has been an evolution in the spection the same as in many other things, so that those farms pplying milk to the city of Boston are now inspected by the dairy vision of the city of Boston, and the farmer whom you have just oken of is not bothered by the other inspectors unless his milk coming from a near-by source. So that the evolution there has en to a point where he has one or two inspections according to here his milk goes. If it all goes to Boston, he has one inspection.

Senator WALSH. Inspection laws were a very important factor one or two of the elections 5 or 10 years ago.

Mr. CAMBURN. That was before my time, Senator.

Senator WALSH. At that time there were a great many statistics ven claiming that the inspection laws were discouraging farmers ith one or two or three cows and driving them out of the business.

Senator JONES. Will you tell us about the inspection of the Canadian milk? Are the herds inspected up in Canada? Have you any information about that?

Mr. CAMBURN. We have only some limited information on that.

Senator WALSH. I think, Senator Jones, there are some provisions which require inspection of the sources of supply and that they can or do go into Canada and inspect the conditions under which milk is produced.

Is not that true?

Mr. CAMBURN. Yes, sir. In Exhibit A you will find a comparison of barn scores in Hereford, Quebec, as compared with milk in Vermont, showing that 21 per cent of the farms at Milton, Vt., fall below the score of 50 per cent, while at Hereford, Province of Quebec, [illegible] per cent of the farms fell below that score. At Shelburne, Vt., [illegible] per cent fell below, while at Sutton, Province of Quebec, 63 per cent fell below, showing that their dairy equipment is not up to the standard prevailing in New England territory.

Senator JONES. All of that milk is inspected in Boston, is it not?

Mr. CAMBURN. Oh, yes; on its receipt there.

STATEMENT OF J. R. MORLEY, OWATONNA, MINN.

Senator McLEAN. State your name and residence to the stenographer.

Mr. MORLEY. My name is John R. Morley. My residence [illegible] Owatonna, Minn.

Senator WALSH. Whom do you represent?

Mr. MORLEY. I am on the executive board of the National Dairy Union. I am supposed to represent on that board the cooperative creamery industry. I am also president and manager of the Minnesota Dairy Association. I am also a dairy farmer.

Senator WALSH. Where is the center for these cooperative creameries?

Mr. MORLEY. Largely in Minnesota. Our selling proposition is [illegible] the city of New York. We have a house in New York, and we [illegible] also members of the Mercantile Exchange there.

We find that the importation of Danish or foreign butter [illegible] detriment to the western farmer, as well as a demoralizer of [illegible] trade.

I have some figures for the year 1921 and the summary for [illegible] year 1920. I can give the figures for the year 1921 up to the [illegible] day of November, by months.

In January we received from Denmark 23,779 casks. They contain 112 pounds each. We received 2,670 boxes. From Holland [illegible] received 254 casks and 275 tubs. From Argentina we received 1,895 boxes. The total weight is 2,952,792 pounds. That was [illegible] the month of January, which was the time of the 2.5-cent tariff.

In February you will note there is quite a reduction. They received 13,849 casks of butter; 100 boxes and 50 tubs; 2 casks of Holland butter and 218 tubs; while from Argentina they received 2,988 boxes, making a total weight of 1,739,248 pounds. Then we had [illegible] boxes from New Zealand, which came by way of San Francisco [illegible] rail into New York during February. Those are only the receipts for the port of New York.

In March there were 34,400 casks of Danish butter and 1,288 boxes. here were 3,500 boxes from Argentina, making a total weight of 120,928 pounds.

In April we had 7,140 casks of Danish butter and none from the her points. The total weight was 799,680 pounds.

In May the emergency tariff was passed and there were 300 casks Danish butter, a total weight of 33,600 pounds.

In June there was none.

In July there were 700 casks, making a total weight of 78,400 unds.

Senator WALSH. When did the change in rate come?

Mr. MORLEY. In May, I think.

Senator WALSH. Two and one half to five?

Mr. MORLEY. Two and one half to six.

Senator WALSH. What was that?

Mr. MORLEY. Six cents.

Senator WALSH. That came in May?

Mr. MORLEY. That came in May.

Senator WALSH. In June there were no importations?

Mr. MORLEY. No importations in June.

Senator WALSH. How about July?

Mr. MORLEY. Seven hundred casks.

In August there were 403 casks, a total weight of 45,136 pounds.

In September there were 1,327 casks, a total weight of 148,624 unds.

In October there were 7,560 casks, a total weight of 846,120 pounds.

Up to November 10 there were 2,900 casks of Danish butter, 324 xes and 10 casks of Irish butter, a total weight of 344,064½ pounds.

Senator WALSH. Comparing the months since the emergency tariff came effective, is there shown a great decrease in importations?

Mr. MORLEY. There is a little explanation in connection with that. ou see, the heavy importations of last winter demoralized the market. The market went down in the month of June to 28 cents. That as caused by demoralization. New York dealers had put large antities of butter in storage. Of course, they lost a lot of money on . That was brought about by heavy importations of Danish butter ring the winter months.

Senator MCLEAN. What were those importations?

Mr. MORLEY. The importations for 1921 were 12,109,192 pounds, lued at—well, I figured those at 40 cents a pound.

Senator SUTHERLAND. You say for the year 1921?

Mr. MORLEY. Up to the 10th of November. The value was ,840,676.80.

Then, going back to the summer of 1920——

Senator WALSH. For the same period of time?

Mr. MORLEY. For the whole year. The total weight of imported itter received at the port of New York was 27,801,815 pounds, at a luation, figuring 61 cents per pound, which was the average price New York quotations for "extras"—the 92-point butter—of 16,959,107.76, making the total value of the butter imported into ew York from foreign countries; that is, across the water—I have t the figures on Canadian butter, although there is considerable of —$21,872,854.56.

Senator McLEAN. It seems that this butter was imported at a val-uation of from 40 to 61 cents a pound?

Mr. MORLEY. Sixty-one cents was the average price of New York extras. What we called extras is the 92-point butter.

Senator McLEAN. Is that duty-paid?

Mr. MORLEY. I am giving you the price of the butter.

Senator McLEAN. What was the price of the imported butter?

Mr. MORLEY. That would be practically the same, duty paid.

Senator McLEAN. Then the importations coming together with th large domestic supply affected the market?

Mr. MORLEY. Yes; it worked out in this way. When it comes comes in pretty large cargoes. To a certain extent, it has a senti-mental effect, but it does affect the market.

Senator McLEAN. Then the importers lose money equally with th domestic producers?

Mr. MORLEY. The importers did not lose money, because the butte is sold before it leaves. Oh, yes; they would be importers, that right; they would lose money, too. They lost money on this Cana-dian butter.

Senator WALSH. Do you claim that the emergency tariff which in-creased the rate has had a tendency to keep out the imported butte or not?

Mr. MORLEY. Well, we are looking for large consignments thi winter.

Senator SUTHERLAND. If the price goes up, that rate does n affect it?

Mr. MORLEY. No. I have been over to New York trying to g the situation over there.

Senator SUTHERLAND. There is considerable fluctuation betwe the summer and the winter prices?

Mr. MORLEY. Yes. The price this summer, as I said before, June went down to 28 cents.

Senator SUTHERLAND. There is always some fluctuation?

Mr. MORLEY. Yes; always some fluctuation.

Senator WALSH. But not as much as that?

Mr. MORLEY. No; not as much as that.

Senator WALSH. Notwithstanding the increase in rate through t emergency tariff, the price of butter has dropped during the summe

Mr. MORLEY. Yes; with the 6-cent tariff.

There were 2,900 casks of Danish butter unloaded last week in N York. Those casks contain 112 pounds each. That would be equ to twice that number of tubs. We ship it in tubs.

Senator SUTHERLAND. That is shipped in cold storage?

Mr. MORLEY. No; that is fresh butter.

Senator SUTHERLAND. I mean that it is in a refrigerator on its wa

Mr. MORLEY. Oh, yes; there is refrigeration on the vessels. Th is mechanical refrigeration on the vessels.

Senator WALSH. Have you figures of our exports during th months?

Mr. MORLEY. No, sir. I was rather surprised to hear of it.

Senator McLEAN. I assume those exports go to Cuba or Mexico

Senator WALSH. Mr. Loomis, where do we export to?

Mr. LOOMIS. To southern countries, tropical countries, chiefly.

Mr. MORLEY. There is another element in it that works against the ırmers of the West—the transportation rates. The different shiping points in Denmark can put butter in New York at a freight rate ' $1 per hundred. On the other hand, from our country, taking t. Paul as the zone, for instance, the rate is $2.15. Therefore, they ıve an advantage of $1.15 on freight.

Senator McLEAN. That is, a cent and fifteen one-hundredths per ound?

Mr. MORLEY. Yes; that is 1.15 per pound. That is quite an lvanatge in the matter of freight.

The conditions in the West among the farmers are a great deal ı has been told here about New England. There might be a little fference, because the farming there is more diversified, but everyıing else is worse than dairying. Now, if these $21,000,000 that ent to Denmark had gone into the West, they would probably have one considerable good.

We can not see any reason why our markets should be given over a foreign market when we are able to produce all that our people ant. We would like to see, as the others have said, the rate on itter made 10 cents a pound, and on other products corresponding.

We have the same condition in Minnesota, Wisconsin, North akota, Montana, and all along the line. We are right on the border. here is the same possibility of shipping cream into our country for ıurning purposes. I think the same discrepancy existed in the ayne-Aldrich bill, if I remember correctly. You see, there are some ırge churning plants in that part of the country that could easily t cream from over the line and make it profitable to buy the proıction in Canada. There is more or less milk produced in these estern Provinces in Canada. There is quite considerable produced Saskatchewan; probably it is not to the same extent as in Montreal; ıat country is now shipping to New York. I do know that Canadian itter is coming in in carload lots. It does not match up with the anish butter in quality. The Argentine butter is a lower grade itter, and so is the Canadian butter.

Senator McLEAN. In 1920 we imported 19,000,000 pounds of butter om Denmark at a value of more than $10,000,000; that is more than) cents a pound.

Mr. MORLEY. In 1920 we imported more than that.

Senator McLEAN. From Denmark?

Mr. MORLEY. Oh, no; not Denmark.

Senator McLEAN. I was speaking of Denmark.

Mr. MORLEY. From Denmark, in 1920, we imported 92,358 casks 112 pounds each. I do not have it figured out in pounds.

Senator WALSH. How much was the total importation in 1920 om all countries?

Senator McLEAN. It was 37,454,000 pounds.

Mr. MORLEY. For 1920?

Senator McLEAN. That is the total importation.

Senator WALSH. We exported 16,000,000 pounds.

Mr. MORLEY. The importations into the port of New York were 7,801,816 pounds, which, at a valuation of 61 cents per pound, ould be $16,959,107.76. That is at 61 cents per pound.

The largest proportion of the butter that goes into the city of ew York—and the same is largely true of Philadelphia—comes

from Minnesota, Wisconsin, Illinois, Iowa, and those western States. You take the posted receipts on the Mercantile Exchange in the morning, and I think you will see that 75 per cent of the butter that comes into New York comes from the West. There is a very small proportion from near-by points.

As stated by the gentlemen from New England, their butter goes mostly to Boston. Very little of our butter goes to Boston.

Senator McLEAN. Do you feel the competition of the vegetable-oil products, like coconut butter and cottonseed-oil butter?

Mr. MORLEY. We feel the competition after it is manufactured into oleomargarine.

Senator McLEAN. They call it butter, coconut butter.

Mr. MORLEY. Yes; they call it coconut butter or something of that nature.

Senator McLEAN. Do you feel that competition?

Mr. MORLEY. Oh, yes; but not so much when the price of butter is low as when the price of butter is high. When the price of butter is high they turn to oleomargarine and coconut butter. During the last year the consumption of that has been small. In fact, some factories have pretty nearly stopped its manufacture.

Senator McLEAN. What do you say as to the rates suggested by the witness who preceded you—Mr. Bronson?

Mr. MORLEY. That is what we would like to have. He has figured those rates out to correspond with 10 per cent on butter. We think that is perfectly reasonable. That is what we would like to have it. So far as the people I represent are concerned, 10 cents a pound on butter, with the corresponding rates on other products, would be satisfactory.

Senator McLEAN. Is that all?

Mr. MORLEY. That is all, unless you have some questions to ask.

Senator McLEAN. If you should think of anything later that you have not stated, you may present it to the committee, and the committee will have it printed in the record.

(Mr. J. R. Morley supplemented his statement to the committee by the following statement relative to the claims which had been made that supplies of cream were not available in this country for the manufacture of ice cream:)

I wish to add to my statements before the committee November 14. The question was brought up that there might be a possibility that sufficient cream could not be obtained for ice-cream purposes without going across the border. The cities of New York and Philadelphia have long since discontinued the attempt to obtain fluid cream for ice-cream purposes and have been using sweet butter; that is, butter manufactured without the addition of salt or artificial coloring matter. The sweet butter is homogenized or reduced to cream. By adopting this practice, they have an inexhaustible supply and at a less cost than undertaking to get the fluid cream. Whether they are using this method or not in Boston, I am unable to say. At all events, the [illegible] cream for ice-cream purposes is not an argument for admitting cream from Canada. The Minnesota Cooperative Dairies Association sold sweet butter to the Castle Ice Cream Co., at Newark and Perth Amboy, by the carload to be used for ice-cream purposes. No attempt is made by this concern to use any other supply.

After the passage of the Underwood tariff bill in 1913 importations of foreign butter began to come in from eight foreign sources. The breaking out of the war in [illegible] stopped this, and during the war we exported large quantities of butter to England. After the war and with a 2½-cent tariff and the rates of exchange being so much against all European countries, our market became very attractive. As a result, the importations mentioned.

In conclusion, we contend that the American farmer is entitled to the home market. The possibilities of our country to produce foodstuffs is unlimited and the necessity of importing foodstuffs will never come.

TATEMENT OF A. M. LOOMIS, WASHINGTON, D. C., SECRETARY OF THE NATIONAL DAIRY UNION.

My name is A. M. Loomis and I reside in Washington. I am secretary of the National airy Union. I am also assistant to Prof. T. C. Atkeson, Washington representative the National Grange, and am authorized by him to say to this committee that he pproves the requested amendment changing the rate of duty on butter from 8 to 10 nts a pound. The National Dairy Union is an organization of dairymen and butter anufacturers, incorporated under the laws of the State of Illinois December 18, 1903. he purpose of the organization is to promote the best interests of the dairy industry the United States.

THE BUTTER INDUSTRY.

The dairy industry is one of the great industries. The butter industry itself is vided into three distinct groups, all having a common interest in adequate tariff otection. One of these groups is the dairymen who make butter on their own farms. his in 1920 amounted to 675,000,000 pounds, representing over 14,000,000,000 pounds milk. The other two groups are those interested in factory production of butter, vided between the cooperative or farmer-owned factories and the centralizer or mmercially owned factories. These two produced in 1920, 863,500,000 pounds of itter, utilizing 18,000,000,000 pounds of milk. These three groups provided the arket for 36 per cent of all milk produced in the United States, provided nearly 15 unds of butter for every individual in the United States, and established the market ice at which the other 64 per cent of milk is sold.

The entire dairy schedule which will be or has been presented to your committee s been worked out on a scientific basis of equivalents based upon the 10-cent tariff hich we are asking on butter. There are many reasons for this, but the primary ason is that the price of butter in the New York City market is the largest single ctor in establishing the price of all dairy products in the United States, as will be own later on.

There are 24,720,000 dairy cows in the United States. There were 7,857 establish- ents, according to the Bureau of Markets, engaged in the manufacture of dairy oducts, with products valued at over $1,000,000,000. Half of this is the butter siness of the country. Dairy cattle are reported on four and a half million of the t and a half million farms reported in the 1920 census, and the estimate of capital vested in the farms where dairying is an important farm enterprise is estimated at er $55,000,000,000.

NEW YORK PRICE CONTROLS ENTIRE INDUSTRY.

It was stated that the rate of duty on butter is the basis of the entire dairy tariff hedule which is asked for and that the reason for this is that the price of butter is e controlling factor in fixing the price of all other dairy products, including fluid ilk. This is a fact which will be testified to by every person who appears before ou, no matter what branch of the dairy industry he may represent. Milk is sold in e Washington market on the basis of its butter-fat test, the price being fixed in cordance with the amount of butter fat in such milk. The great fluid organizations, ithout exception, in making up their estimates as to the asking price for their prod- ct, use the price of butter fat as the basis from which they start. I am not going into e reasons for this, although there are many good reasons, but will state this as a atter of fact which the dairy industry will generally substantiate.

For the purposes of this tariff discussion, we can narrow this price basis still further. he price of butter and butter fat in the United States is largely fixed by the opera- ons on one market, and that market is the New York Mercantile Exchange. There e many good reasons for this, which I will not discuss, but can state this as a fact, hich the entire dairy industry will substantiate, and that is that the largest single ctor in fixing to-day's price of butter anywhere in the United States is the price uoted to-day for 92-score butter on the New York dairy market. In a large way, e entire argument for a dairy tariff rests upon this single fact.

BUTTER TARIFF HISTORY.

In 1909 Congress in its wisdom established a butter tariff at 6 cents a pound. The rice of butter in the wholesale markets of the United States at that time ranged etween 20 cents and 40 cents per pound. This tariff continued in effect until 1913, hen a new law went into effect, fixing the rate of duty on butter at 2½ cents a pound, hich law had been in effect until the enactment of the emergency tariff bill last May.

Exhibit A is a table showing the imports of butter into the United States by fiscal years under these two tariff laws. The imports were negligible from 1909 to 1913. In 1914, the first year of the 2½ cents a pound duty, they jumped to nearly 8,000,000 pounds, or more than the entire period of the previous tariff law; 1915, 1916, 1917, and 1918 were war years, during which time countries which normally might have sent butter to the United States had other markets and greatly reduced production. In 1919 the result of the 2½ cents a pound tariff was again apparent with an importation of 4,000,000 pounds, which was multiplied by five in 1920 and still more greatly enlarged in 1921, when a total of more than 34,000,000 pounds of butter came into the United States, and the imports of 1920 and 1921 were far more than the total previous imports in the entire history of the country.

The emergency tariff law of 1921 went into effect within 33 days of the end of the fiscal year. After May 28, 1921, the imports of butter into the United States were negligible until the last few weeks. Imports in June amounted to 33,864 pounds; for July, 191,748 pounds; for August, 149,886 pounds; and for September, 397,[illegible] pounds. During October 7,560 casks (about 825,000 pounds) of Danish butter arrived in New York City, while 10,000 boxes reached San Francisco from Australia, about 500,000 pounds.

This situation is very significant, as it demonstrates that while the 6 cents tariff was effective for all necessary purposes before the war, when the normal price level of butter was approximately 25 to 30 cents a pound, this rate of duty is not sufficient or satisfactory on the present price level of butter.

WHY TARIFF IS NEEDED.

It is apparent from the figures here quoted that the total imports of butter are small as compared with the domestic production of butter. In the largest importing year the ratio of imports to domestic production was about 1 to 43, the imports amounting to not quite 35,000,000 pounds and the domestic production to a little over a billion and a half pounds.

The question then naturally arises, If the imports are so small, why is a comparatively large duty asked for or needed?

The answer to this question is twofold. First, it answers itself, for if there is so little butter imported, it demonstrates that we do not need any to be imported and can produce all we need ourselves, and that a duty of any kind or size will work no hardship on any of our own people; second, that the duty on even a small amount which does come in is needed because of the peculiar market conditions in this country which have been referred to—the dependence of the entire industry upon the New York price and the even balance between production and price in this country because of the purely competitive situation, so that a price protection in the New York market is absolutely required to protect this American industry, just as a general price protection is needed to protect any other manufacturing industry.

SMALL SHIPMENTS HAVE LARGE RESULTS.

The comparatively small shipments of butter reaching New York have large results in the prices paid for American butter everywhere. The New York price is controlling in all markets. Every price fluctuation in New York is felt directly and definitely back to the check the farmer gets for his milk or cream from which the butter is made which reaches the market in the period affected by this special shipment into New York. Butter is made every day. It is an expensive commodity. The industry, by and large, is organized in small units, strictly competitive. The butter must be sold from week to week by these small units "on the market." They are dependent upon the market price.

A single cargo of Danish butter reaching New York last year in July depressed the market from 59 to 55 cents. A cargo in January depressed the market from 57 to [illegible] cents. In only one instance did the market fail to react downward when [illegible] shipments reached New York and that was in April during the railroad strike, [illegible] 4,000,000 pounds came in and saved New York from a butter famine, but during the following month the market reacted from 75 to 66 cents a pound.

CONSTANT INFLUENCE ON MARKET.

I have prepared a careful abstract of the report of the Bureau of Markets of the United States Department of Agriculture covering the butter market for the [illegible] calendar year of 1920 and the present year up to the date when the emergency tariff

:nt into effect, showing the weekly fluctuation in prices, the amount of imports aching New York, and the comments of the official reporter of the United States overnment in the New York market, which I will file as Exhibit B. This shows that January, when under the normal conditions butter prices should be advancing to ver the greatly increased cost of production and handling at that season, 500,000 unds of Danish butter and large shipments of butter from Argentina and Holland ched New York and the price broke from 71 cents January 3 to 64 cents January 31. ipments continued to arrive, the largest one coming in April, when the railroad ike was in progress. This combination disrupted all ordinary market rules. New rk had such an acute shortage that even the 4,000,000 pounds of Danish butter had no ect and prices soared to 77 cents a pound in New York, while Chicago was selling m 10 to 12 cents under the New York price. In July there was a break from 59 55 cents at a time when butter normally does not decrease in price, due to the arrival over 7,000,000 pounds of Canadian, Danish, and Argentine butter, culminating in illion pounds of Danish butter reaching New York during the week of November and nearly a million pounds more during the week of the 25th. This price decline ntinued during January, February, and March of this year—declines almost unheard n the history of the dairy industry. I can not better illustrate the whole damage e than by quoting from the Market Reporter, the official publication of the United tes Department of Agriculture for the week ending February 5, when a decline rom 50 to 46 cents was registered. The Market Reporter says:

'Severe decline attributed to arrival of foreign stocks. The greater weakness was sed by the surplus of foreign butter arriving at New York. Danish which arrived previous week proved of excellent quality and many buyers took it in preference lomestic, so long as it could be purchased at or below domestic price. This caused h a backing up of regular arrivals that receivers simply had to drop prices to a point re Danish competition would be cut. The declining market, of course, kept buy- down to a minimum. Further arrivals of Danish are expected."

CONSUMER DOES NOT GET BENEFIT.

he buying public does not get the benefit of these price fluctuations.

he results of imports in the New York market as shown is to make the market ven, subject to sharp ups and downs. These declines and advances reported in ry day's wholesale quotations are reflected back to the producer in every instance, they are not reflected forward to the retailer except in part, and by the retailer he consumer in still smaller part. A continued decline is, of course, finally smitted to the consumer, but the whole trend of modern retailing is to retard lines in retail prices, to sell on buying price and not on replacement cost on a lining market and on replacement cost instead of buying price on an advancing ket. Every member of this committee knows that this is true.

ur demand for a tariff is a demand that Congress take action on the one factor in blishing prices of butter and dairy products over which it has any influence, so t the price finally established by all the factors will be as favorable to the pro- ers of butter as possible. The price of butter is fixed by a composite of many es, among them being the price of farm land, the cost of feed, the season of the r, the price of farm labor, the price of beef, the weather conditions, the credit ation, the movement into and out of storage. All of this amounts to what is ed domestic supply and demand. The farmers must perforce take their chances his situation, and there is no industry in the United States in which supply and and has a freer play, and less artificial interference than in the butter industry. price of butter every day in the year is a free competetive price, and this of f protects the American public against any exploitation by or because of a tariff. the dairyman and the butter producer are asking is that this condition of free com- tion be left alone, and that his market be protected by Congress in the only single or over which Congress has any possible effective control, namely, to protect market against surprise shipments, sudden influxes of unexpected and not needed gn butter, which unsettles markets, and causes violent fluctuations, hurting lucers, with no consequent help to consumers.

PRODUCER SUFFERS HEAVY LOSSES.

he daily production of butter in the United States is about 5,000,000 pounds. single shipment of Danish butter reaching New York has depressed the market nts a pound, and this depression has continued for three or four weeks before a e recovery takes place. That is, the price the producers of 5,000,000 pounds of

butter gets each day for perhaps a month is 3 or 4 cents a pound on the average lower than it would have been if one single million pounds of butter did not reach New York from Denmark or the Argentine or some other foreign country. In other words this single shipment, valued at perhaps three or four hundred thousand dollars, cost the American dairymen between one hundred and fifty and two hundred thousand dollars a day for the entire period of three or four weeks while the market was unsettled, or perhaps a million dollars a week for a minimum of three weeks.

TARIFF WILL STABILIZE MARKET.

We are making this demand for an adequate tariff on the single proposition that our market must be stabilized. Consumers have the same interest as producers in the stability of the market for any commodity. Immediately upon the fact becoming patent that butter marketing is to continue subject to the fluctuations noted above, which continued until the 6-cent tariff became effective in May, and have now been resumed, every butter receiver and dealer will take steps to protect himself against these fluctuations, and this will take the form and has taken the form of increasing his own margin, as insurance against the added risk. The consumer must pay this. As soon as the producers learn that they, too, are hit hard by these wild market ups and downs, they, too, will take steps to protect themselves. This will be a slow process and will take the form in the main of still more dairymen going out of business because they can not make it pay under this additional risk and burden.

COW POPULATION IS DECLINING.

The final argument for any tariff is to prevent an industry from going out of business. Consumers of butter have just as big a stake in preserving the American dairy industry at its present level, or a still greater one, as those engaged in the industry itself, for the price of butter is purely competitive. To permit the industry to decline further means inevitably higher priced butter, until the reaction downward is counteracted. A table has been prepared showing the decline in dairy-cow production in the United States in recent years, and is attached hereto as Exhibit C.

This shows a decline from 287 cows per 1,000 persons in 1840 to 237 in 1900, a decline of 50 per 1,000 in 60 years, or nearly 9 per year. It shows a further decline of 237 per 1,000 in 1900 to 218 per 1,000 in 1921, a decline of 13 per 1,000 in 21 years, or 6 per year during even the high-price war period.

DEALERS PROTECT THEMSELVES.

The influence of surprise shipments on prices is shown with special emphasis in Exhibit D, a table showing average prices of butter in the two months of November and December for the past 10 years. Everyone knows that these are the months of increasing shortage of production and increased cost of production, hence normal price advances are expected and required. This normal reaction happened in every year of the 10 except 2. Those two were the years 1914 and 1920. Nineteen hundred and fourteen was the only year the 2½-cent tariff was in effect before the war, and 1920 the only year it was in effect after the war when large shipments reached New York during those months. In each case these shipments resulted in violent fluctuations, reaching a depression for the two months of 1 cent in 1913 and over 8 cents in 1920.

This is what takes the heart out of butter producers and the butter trade. No dealer who withstood the slump of last November and December—and there were those who did not withstand it—will enter that kind of a market again unless he protects himself by seeing to it that he gets a bigger margin all the time to protect himself against such fluctuations.

SUMMARY OF ARGUMENT.

In closing let me sum up this argument.

The whole dairy industry in the United States rests on the daily price of butter in the New York market.

This industry is one of the largest and most essential in the Nation.

Experience shows that lack of proper tariff protection leads to imports of butter inconsiderable in amount as compared with the production and consumption in the Nation, but viciously effective in disrupting and demoralizing the one market which establishes national prices.

The interest of the consumer of butter and the producer of butter will be best served [illegible] stabilizing butter prices as far as may be, and to do this it is necessary to put a [illegible]ity in effect which will minimize the surprise shipments and their influence in [illegible]ammering down New York market prices.

Under a 2½-cent tariff this influence was at its worst.

A 6-cent tariff corrected it up to a certain point, but surprise shipments are now [illegible]ming in, and greater protection is needed.

The dairy and general agricultural interests agree that 10 cents is not too much to [illegible]k at this time.

Exhibit A.—*Imports and exports.*

BUTTER

[Foreign and Domestic Commerce Reports.]

[illegible]scal year June 30—	General imports.	Domestic exports.	Fiscal year June 30—	General imports	Domestic exports.
	Pounds.	*Pounds.*		*[illegible]s.*	*Pounds.*
[illegible]	479,180	3,994,542	1913	1 [illegible]53	3,596,600
[illegible]	3,278,967	7,640,914	1914 [1]	7 [illegible]22	3,673,597
[illegible]	4,089,038	2,019,288	1915 [1]	3 [illegible]27	9,850,704
[illegible]	487,120	39,236,658	1916 [1]	[illegible]98	13,487,481
[illegible]	75,621	29,748,042	1917 [1]	[illegible]73	26,835,092
[illegible]	49,791	18,266,371	1918 [1]	1 [illegible]85	17,735,968
[illegible]	1,360,245	3,140,545	1919 [1]	4 [illegible]69	33,739,960
[illegible]	1,007,836	4,877,797	1920 [1]	20 [illegible]69	27,155,834
[illegible]	1,026,668	6,092,235	1921 [1]	34 [illegible]53	7,829,255

CHEESE.

[illegible]	[illegible]98	10,361,189	1913	49,387,994	2,599,068
[illegible]	[illegible]61	15,515,799	1914	63,784,313	2,427,577
[illegible]	[illegible]57	57,298,327	1915	50,138,520	55,362,917
[illegible]	[illegible]86	127,553,907	1916	30,087,999	44,394,301
[illegible]	[illegible]70	147,995,614	1917	14,481,514	66,050,013
[illegible]	[illegible]73	95,376,053	1918	9,839,305	44,330,978
[illegible]	1 [illegible]90	48,419,353	1919	2,442,306	18,794,853
[illegible]	4 [illegible]24	2,846,709	1920	17,913,662	19,378,158
[illegible]	4 [illegible]97	10,366,605	1921	16,584,678	10,825,503
[illegible]	4 [illegible]07	6,337,559			

CONDENSED AND EVAPORATED MILK.

[illegible]	588,134	13,311,816	1916	16,174,506	159,577,620
[illegible]	630,908	12,180,445	1917	18,375,698	259,102,213
[illegible]	698,176	20,642,738	1918	29,926,931	529,750,092
[illegible]	1,778,043	16,525,918	1919	20,183,723	728,740,509
[illegible]	14,599,339	16,209,082	1920	19,080,642	708,403,187
[illegible]	33,624,189	37,235,627	1921	19,272,528	262,608,206

[1] Low-tariff period.

EXHIBIT B.—*Effect of imports of butter on the market.*

[Market Reporter.]

Week ended—	Market price.	Imports.	Remarks.
1920.	*Cents.*		
Jan. 3	71 -69½	Danish, 300,000 pounds	
10	69½-65	Danish, Argentina, and Holland.	Foreign offerings, 59½-61.
17	65 -62	Danish, 200,000 pounds	
24	63-65 -62½		
31	64-62 -64		
Feb. 7	66-67 -66	Danish	Danish butter low as 50½ cents.
14	66 -66	do	The arrival of Danish butter relieved the shortage but boded ill for shippers and dealers.
21	67 -67½	Danish, 690,000 pounds	Receipts still below previous week.
28	65½-65	Danish and Canadian	Large quantities of storage stocks and arrivals [illegible] quired to prevent price advance.
Mar. 6	64 -64½	Danish, 720,000 pounds	Brokers are selling new consignments; as a result prices actually ranged lower than Chicago.
13	65½-67½	Danish and Canadian	In spite of large stocks of Danish and Canadian there was a shortage.
20	67½-68½		New offerings of Danish for future shipment around 56-57 cents.
27	68½-66		Little justification for the decline.
Apr. 3	66 -67	Danish, 4,000,000 pounds	Supplies were short.
10	67½-73		Strike served to cause shortage.
17	75 -72		Chicago selling 10 cents under New York.
24	73 -77		12 cents over Chicago.
May 1	73 -64		Storage drawn heavily.
8	63-64½-63		
15	62½-62½		
22	64 -61½	Danish, Holland, and Argentina.	
29	61½-60	Holland and Finland	
June 5	60 -55	Holland, Argentina, and Canada.	Butter going into storage.
12	56-57½-56		Fancy butter short on most markets.
19	56 -58		Receipts about 25 per cent lighter than last year
26	58½-59		Some of the foreign butter being stored.
July 3	59 -58	Canadian and Danish (light)	Storage less than last year.
10	57½-58		Surplus of undergrades.
17	57½-56½	Danish, Canadian, and Argentinian, 5,089,280 pounds.	Felt on New York market and reflected to [illegible] markets.
24	57 -56	Danish, 1,574,000 pounds	Danish butter largely put in storage.
31	56 -55		Prices declined; weak and unsteady.
Aug. 7	56 -54	Danish	Oversupply.
14	54½-55½		Danish in storage moved at 52¾. Holdings of [illegible] act as check. As soon as prices advance the [illegible] drawals become numerous.
21	55½-56		Surplus in undergrades.
28	56½-57	Danish	
Sept. 3	56 -57½		Danish offered from 55 to 56 cents. Holders of [illegible] ish ready to sell.
11	57½-58½		Shortage in fancy. Surplus of undergrade
18	58 -60		Danish selling at 3 to 5 cents below.
25	60 -62	Danish, 201,600 pounds	
Oct. 2	62 -61½	Danish and Argentina	Fresh Danish selling at 55 to 57 cents. Argentine [illegible] 50 to 51 cents.
9	62½-61		Undergrades serious problem, spread 13 to 16 cents [illegible]
16	61 -59½		Holdings heavy, new shipments arriving.
23	59½-57		Centralized butter hard hit and drops 5 cents at [illegible] cago.
30	58 -62		Raise due to jobbers, wholesale grocers, etc., [illegible] depleted stocks.
Nov. 6	62 -64		Fancy butter scarce, firm demand well above [illegible] cents. Danish not more than 54 to 56 cents. [illegible] offerings of Danish under 48½ f. o. b. New [illegible] does not help instill confidence.
13	64 -65	Danish, New Zealand, and Canadian.	Offerings of Danish at 51 cents but no [illegible] shown.
20	65 -65	Danish, Argentina, and New Zealand.	Danish at 6 to 8 cents below looked attractive. [illegible] offerings reported at 51½ to 52½. Argentine [illegible] at 40 to 45 cents, poor.
27	65 -57	Danish, New Zealand, Canadian, and Argentina.	Slump of 5 cents Friday. Foreign butter [illegible] ness. Fresh Danish 55 to 58 cents. New [illegible] at 62 cents. Canada at 61 cents. New York [illegible] ing at 8 cents below.

EXHIBIT B.—*Effect of imports of butter on the market*—Continued.

Week [e]nded—	Market price.	Imports.	Remarks.
1920.	*Cents.*		
[D]ec. 4	57 -51½	Danish	Increasing use of Danish stock a factor in downward trend. Fresh arrivals the only other factor. The policy of dealers was to sell at any price that would interest buyers.
11	52 -53½	Danish, 1,000,000 pounds	A fluctuating market is the best that can be expected for some time.
18	54 -55		After a month of weak and unsettled conditions, butter has taken an upward turn.
25	55½-56	Danish, 860,000 pounds	A good demand for Danish butter at 51 to 52½ cents.
1921.			
[Ja]n. 1	56 -57	New Zealand, 792,000 pounds	Foreign butter still a factor.
8		Danish and Dutch	
8	57 -53½	Danish, 145,600 pounds	Weakness on top grades, largely result competition foreign butter.
15	53½-52	Danish, 2,000,000 pounds; New Zealand, several cars.	Danish butter as low as ee; light receipts of fancy grades; market uneven and unsettled.
22	52 -50	Danish, 2,100,000 pounds; New Zealand, several cars.	Real weakness lay in expected arrival of Danish butter.
29	49½-49½	Danish, small shipments	Danish importers refuse to sell offerings at a loss. New Zealand still offered at 47 to 48.
[Fe]b. 5	50 -46	Danish, very heavy	Severe decline attributed to arrival of foreign stocks. The great weakness was caused by the surplus of foreign butter arriving at New York. Danish which arrived the previous week proved of excellent quality and many buyers took it in preference to domestic, so long as it could be purchased at or below domestic price. This caused such a backing up of regular arrivals that receivers simply had to drop prices to a point where Danish competition would be cut. The declining market of course kept buying down to a minimum. Further arrivals of Danish are expected.
12	44 -44		Recovery followed as soon as butter was cleared up. Shortage developed. Danish stock cleaned up.
19	45 -48		Do.
26	49 -52½	Danish arrivals	Do.
[Ma]r. 5	53½-53		Three vessels carrying butter expected to arrive.
12	53 -47½	Heavy Danish and New Zealand.	Weakness continued.
19	47½-45	Danish and New Zealand	Arrival of Danish stocks held accountable for severe break during recent weeks.
26	45½-46½		Receipts light.
[Ap]r. 2	44½-49½	Danish	Storage caused upturn; receipt of Danish stocks discontinued and withheld from markets; offerings limited.
9	51½-49		Reacted downward under heavy receipts.
16	49½-45		Market remained either unchanged or advanced fractionally through the week until Thursday, when New York weakened unexpectedly and declined 1 cent, causing other markets to follow; the decline was caused partially because about 10,000 casks of Danish butter was still unsold on the market.
23	46½-41		New York prices on Danish held until Apr. 22, when they cut 1 cent under the market. Buying in all markets was practically on a day-to-day basis.
30	40½-35½		5-cent break at Chicago.

EXHIBIT C.—*Number of milk cows in the United States per 1,000 persons.*

[Dairy Division, U. S. Department of Agriculture.]

0.	287	1890	264
0.	278	1900	237
0.	276	1910	220
0.	234	1920	223
0.	251	1921	218

EXHIBIT D.—*Normal fluctuation in butter prices in the months of November and December for 10 years.*

[Dairy Division, U. S. Department of Agriculture.]

Year.	November.	December.	Year.	November.	December.
1911	34.8	37.8	1916	39.4	[illegible]
1912	34.4	37.2	1917	45.05	[illegible]
1913	33.8	36.1	1918	63.28	[illegible]
1914 [1]	34.7	33.9	1919	71.15	[illegible]
1915	31.1	35.1	1920	63.22	[illegible]

[1] Foreign butter came in freely during these two months.

EXHIBIT E.—*Production and uses of milk in the United States, 1920.*

[Dairy Division, U. S. Department of Agriculture.]

	Quantity of product.	Milk used per unit of product.	Total whole milk used.	Per cent of total milk.
	Pounds.	*Pounds.*	*Pounds.*	*Pounds.*
Creamery butter	863,577,000	21.000	18,135,117,000	[illegible]
Farm butter	675,000,000	21.000	14,175,000,000	[illegible]
Cheese (all kinds)	362,431,000	10.000	3,624,310,000	[illegible]
Condensed milk (including evaporated)	1,578,015,000	2.500	3,945,038,000	[illegible]
Powdered milk	10,334,000	8.000	82,672,000	[illegible]
Powdered cream	309,000	19.000	5,871,000	[illegible]
Malted milk	19.715,000	2.200	43,373,000	[illegible]
Sterilized milk (canned)	5,623,000	1.000	5,623,000	[illegible]
Oleomargarine (all kinds)	370,162,925	.065	24,256,000	[illegible]
Milk chocolate			60,000,000	[illegible]
	Gallons.			
Ice cream	260,000,000	13.750	3,575,000,000	[illegible]
Total milk used in manufacturing			43,676,260,000	[illegible]
	People.	*Gallons per capita.*		
Household purposes	105,708,770	43.000	39,091,000,000	[illegible]
	Calves.	*Pounds.*		
Fed to calves	21,012,000	200.000	4,202,000,000	[illegible]
Waste, loss, etc			2,689,000,000	[illegible]
Grand total			89,658,000,000	[illegible]

Dairy cows (including town cows)	24,72[illegible]
Yield per cow ... pounds..	[illegible]
Population of United States, 1920	105,7[illegible]
Milk production per capita ... pounds..	[illegible]

RESOLUTIONS.

DES MOINES, IOWA, *November 8, 192[illegible]*

A. M. LOOMIS,
Secretary National Dairy Union, Washington, D. C.

Following resolution adopted by Iowa Creamery Secretaries and Managers' A[illegible]ciation November 3 representing cooperative creameries of the State:

"*Resolved*, That we earnestly request the Congress of the United States to imp[illegible] tariff requirement of 10 cents per pound on all butter imported into the United Sta[illegible]

W. A. WENTWORTH, *Secre[illegible]*

By Chairman Balderston of the committee on tariff schedules:

Whereas it has been distinctly and conclusively shown by data carefully compiled by competent authorities that a tariff of 10 cents per pound on butter was absolutely necessary in order that the dairy industry may prosper in the United States: Therefore be it

"*Resolved by this conference of the representatives of dairy associations assembled in uffalo, N. Y.:*

"1. That we respectfully urge upon Congress that the above-mentioned rate of aty on butter be agreed upon in the final passage of the pending tariff law.

"2. That we insist and urge all our constituent and allied interests to insist that the ntire dairy product schedule must be on a parity with the rate of duty on butter. 'e approve the entire schedule suggested by the United States milk producers' airy tariff committee, which was based on the comparative market value of the arious constituents of whole milk and is as follows: Milk, 3½ cents per gallon; cream, i cents per gallon; butter, 10 cents per pound; cheese, 5 cents per pound; conased milk, 2 cents per pound; casein, 5 cents per pound.

"We would call attention to the fact that casein has been overlooked by the Ways nd Means Committee. The American manufacturers of this by-product can not ist without proper protection.

"3. That any protection the dairy industry may receive by a tariff on dairy prodts themselves will be very largely negatived if there is not a duty on edible vegeble oils at least equal to the tariff on butter fat. We would urge that there be placed tariff on copra not less than 50 per cent of the rate of duty placed on vegetable oils. e also recognize the importance of these oils in the industries and arts and would ggest that importers and refiners be allowed a suitable rebate on all such oils that e denatured and used for any purposes other than human food."

Moved by Mr. Pattee, seconded by Mr. Holman, that the resolution be adopted as ad. Carried.

A. M. Loomis, *Secretary*.

Approved:

Milo D. Campbell, *Chairman*.

DDITIONAL STATEMENT OF A. M. LOOMIS, WASHINGTON, D. C. REPRESENTING THE NATIONAL DAIRY UNION.

Mr. Loomis. The committee has been very courteous to the dairy dustry in giving us this chance to finish our case. I am going to ke but a few minutes, as there are two other witnesses who want be heard. I suppose the committee will sit for a half hour or an ur longer.

Senator Smoot. You covered your subject very well before.

Mr. Loomis. I also represent, for this particular matter, Prof. C. Atkeson, Washington representative of the Washington Grange, ho has indorsed the position which we are taking here, and that in asking you to change the 8-cent item in the butter paraaph, 709, of the Fordney bill, to 10 cents, and this is the basis of e entire dairy schedule which is being asked for by other branches the dairy industry.

Senator Dillingham. That was agreed upon by the national sociation?

Mr. Loomis. Yes; recommended by all branches of the dairy indusy. I have here a letter which has just come to me, which I will t read, signed by W. A. Wentworth, secretary of the Iowa Creamery cretaries and Managers, in which he says just recently all the dairies the State of Iowa have indorsed this 10-cent tariff request.

Senator Smoot. How is it they have changed their minds from the st testimony?

Mr. Loomis. That is in accord with a telegram which is here, dated ovember 21; but this is in complete detail, giving names of other

organizations, and since November 21, when we had the previous hearing, the creamery organizations of the States of Minnesota, Wisconsin, and New York have also gone on record in favor of the 10-cent item.

We ask this tariff to prevent a disaster to the dairy interests of the United States such as has already overtaken the large part of the other industries in agriculture.

And in that connection I want to call your attention, without filing for the record, to the report of total value of the crops for the Unit States for the year 1921, which was issued this week, and to call you attention to the crop value totals in the United States to show wha has occurred to agriculture in the last few years in the most concre form in which it has ever been announced.

The total value of the crops for the United States for the year 1919 was in round numbers $13,600,000,000; in 1920 the value of th crops was $9,075,000,000. This year they are $5,600,000,000, or falling off in the two years of $8,000,000,000 in value from a total o $13,600,000,000. That is what has happened to agriculture in th United States.

Senator Gooding. What is the size of the crop?

Mr. Loomis. That is the total of the crops which are comput from the crop reporting service of the Department of Agricultur.

Senator Smoot. For those two years?

Mr. Loomis. For those two years.

Senator Jones. How does the quantity of the product compa

Mr. Loomis. There was a small decline this year, but only a sm decline in prices. $13,600,000,000 was the total for 1919, a $9,075,000,000 for 1920, a decline between those two years of a lit over $4,000,000,000, and they have declined over $9,000,000,000 $5,500,000,000 this last year.

Senator Dillingham. That is dollars, but not in quantity.

Mr. Loomis. That is in dollars, but the quantity figures are he

Senator Jones. The quantity was practically the same?

Mr. Loomis. The quantity was practically the same—it will c within 10 per cent.

The butter industry in this period is one of the few industr which has not suffered so serious a decline. The chief reason, think, for that—a reason which to me seems the chief factor—is t fact that in the early part of this year there was 6-cent ta enacted through the emergency tariff law.

Senator Smoot. How is it they still charge 70 cents for ordin and 85 cents for first-class butter?

Mr. Loomis. I can not answer that question, because I am buy my butter cheaper than that.

Senator Smoot. Where do you buy it?

Mr. Loomis. At the grocery around the corner from my hou where I am getting butter at 60 cents, first-class creamery butter.

Senator Smoot. I get mine from George Oyster, and I assure y I do not get it at 60, 70, or 80 cents.

Senator Dillingham. Perhaps, as some witness suggested yes day, the fault is with the purchaser.

Senator Smoot. Perhaps so.

Mr. LOOMIS. I want to call your attention to the chart prepared y the Dairy Division of the Department of Agriculture, with the xception of the red line. [Exhibiting chart to the committee.]

The black lines indicate the balance of trade, the exports and nports. The black lines to the right of the center lines represent utgoing exports, and the lines on the left-hand side represent nports.

If it had not been for the imposition of the butter tariff, it is evi- nt—and that is what the red line says—that the imports of butter is year would have been the largest in the history of the United ates, because we have four months this year upon which to figure. hat 6-cent dairy tariff stopped in the period of low prices in this untry—that is, in May and June of this year—and that 6-cent riff checked the flow of imports.

As soon as we get into the cold weather, into the time of high- iced butter, the 6-cent tariff proved to be entirely unprotective, d we are now getting a disorganized butter market from the flow of ports, which is the reason that we come here asking to have the ents raised not only to 8 cents but to 10 cents.

If it were not so late in the afternoon, I would like to read a part the extracts from the official report of the Bureau of Markets to ow that within the past four weeks in at least six daily reports of Bureau of Markets of declines of the New York butter market is orded, and in each case definitely either the imports which have n received at New York or the cables of lower offers have been ponsible for them.

want to call your attention to the fact that this time of year we receiving the butter from the Southern Hemisphere, which is their iod of chief production, and at the present time there are large ports of butter received in San Francisco and the west coast from stralia and New Zealand, and large imports are arriving at New rk City from Argentina, which are the disorganizing influences.

n my brief which I filed on November 21, and which I wish I ld call to your attention again, I discussed the influence of those ign shipments upon the New York market, and the point about t is that the butter prices of the United States are largely gov- ed and the chief factor is the New York butter quotations of each , and the fact that those butter shipments center in New York ses fluctuations in the New York market which are out of all pro- tion to the size of the shipments, and that is immediately trans- d back through the country until every butter man in the United tes feels the depressing effect of it.

s to the size of this industry, I want you to realize that we are of the class of small industries which have been taking much e, it is 1,600,000,000 pounds per year, and on the basis of present es has a value of something like $600,000,000. So that a fluc- tion of a cent or two in the New York market caused by the re- t of Danish, Holland or Argentine butter has translated back ugh the entire United States on the basis of a production of not than 5,000,000 pounds of butter per day in this industry.

ADDITIONAL BRIEF OF A. M. LOOMIS, WASHINGTON, D. C., REPRESENTING THE NATIONAL DAIRY UNION.

The National Dairy Union appeared in cooperation with other dairy in
before the Senate Finance Committee last week, urging amendments to the For
tariff bill now before the Senate, increasing the duty on butter to 10 cents a pou
and providing a schedule for all dairy products on the basis of a protection on butter
content relative to 10 cents a pound on butter.

J. R. Morley, of Owatonna, Minn., presented the argument for the National
Union, speaking also as a Minnesota farmer and as president and manager
Minnesota Cooperative Dairies Association.

A. M. Loomis, secretary of the National Dairy Union, filed a brief and a
of exhibits covering a study of the influence of Danish, Argentine, and New Zeala
shipments, particularly on the New York daily prices, upon which all dairy
in the United States are directly or indirectly based, showing that these
shipments are demoralizing, and the great need of the dairy industry is for stab
conditions.

An abstract of this brief follows:

After indicating the number of persons engaged and the amount of money inv
in the dairy industry and the butter industry which would be benefited by
tariff as requested, the brief took up the following points:

We are asking this tariff particularly to protect the New York dairy market
demoralization and fluctuations to stabilize the dairy industry of the entire count

It is not the amount of imports which might come in under a low tariff to
we object, but the influence of these imports in causing severe fluctuations in
market out of all proportion to their size, which fluctuations cause great los
producers and few, if any, benefits to the consumers.

The price of butter and dairy products throughout the United States is fixe
the daily New York quotations.

1. Butter is sold everywhere on New York basis. This is general trade pr
2. Cream buyers establish the price of cream on butter sales.
3. Cooperative factories pay members on the basis of butter sales.
4. Fluid milk prices are fixed in every large city on butter-fat basis, with the p
of butter fat as the major factor, and that fixed by New York butter prices.

All dairy authorities will agree on this thesis in general.

The influence of the New York market price is absolutely controlling and
price is absolutely competitive. Butter is made and sold in national and internat
competition and price agreements are impossible. Manufacturers of cheese and
other manufactured milk products are forced to pay for the milk at a price com
tively level with price paid by butter manufacturers because of the large siz
the butter industry.

Domestic butter is made and marketed in a comparatively even flow.

1. Butter is a purely agricultural product and like all other agricultural pro
(and unlike fabricated products), can not be controlled as to time and volume of
duction.

2. Bureau of Markets figures will show comparatively level movement of butt
market, affected only by seasonal conditions.

3. Price movements, when not affected by heavy or unexpected imports
comparatively small seasonal fluctuations, moving up in winter and down in sum
in accordance with the amount and cost of production.

Foreign shipments come in in large, often unannounced and unexpected quanti

1. Bureau of Markets daily and weekly reports show this to be true, and that
people know of arrivals, which therefore have effect of surprise offerings.

Influence of these foreign shipments is disastrous.

1. Bulk of foreign shipments come to New York City, affecting first and
seriously New York prices, which control the prices all over the country.

2. Shipments from Denmark are always large and sold in such manner as
organize New York market. (See Bureau of Markets reports.)

3. Shipments from Southern Hemisphere, Argentina, and New Zealand are
and cheapest in winter when American farmers are producing the least butter
highest cost, and consequently are most disastrous to American markets.

If further proofs of these self-evident facts are needed, they will be found
fact that during the year 1920 when the imports were the heaviest in the hist
the butter industry, the New York market was in constant fluctuation, entir
of all proportion to any changes or variations in the cost of or amount of dom
duction. Receivers suffered heavy losses in addition to still greater losses
back to producers. An exhibit is attached containing an abstract of the
of Markets of the United States Department of Agriculture on the New York

ırket January 1, 1920, to May, 1921, (when the emergency tariff went into effect) ıe fluctuations amounted to as much as 7 cents a pound downward in a single month. :e Market Reporter, April 19.)

Lower prices are passed back to producers.

!. A single import shipment of butter drives market prices down as long as that tter remains in the market, during which time the whole American production 5,000,000 pounds a day brings the producer only the lower price.

!. Cheese factory, butter factory, and condensory prices are adjusted to this basis. tter and cheese factories sell at regular intervals at these lower prices and settle h patrons upon the market price basis.

'hese price reductions are not passed on to the consumers except in small part.

. Retail price quotations in any city in the United States during the period of the ressions of the winter of 1920 and spring of 1921 will show this to be true.

. The general practice in retailing is to base selling price upon actual cost price in lling market and upon replacement cost in a rising market.

mports are not needed to supply the American market.

. Even during the inflated period of imports of 1920 and 1921, butter imported ounted to only from 1 per cent to 2 per cent of the American production—55,000,000 nds in 1920 and 1921 as compared with domestic production of not less than 3,200 lion pounds.

. During this same period 35,000,000 pounds was exported, and heavy losses were ed by inability to dispose of surplus stocks in storage at prices above cost.

'nsettled conditions result in steady decline in the industry.

. While there was only a decline of 3 cows per 1,000 people in the United States ing the war period when there was a large exportation of butter, there has been a line since the war of 5 cows per 1,000 people during the period of imports.

. Statisticians of the Dairy Division of the Department of Agriculture estimate t the falling off in exports and the increase in imports of dairy products since the e of the war has been almost exactly balanced by the decline in the number of y cows kept for milk in the United States.

en-cent tariff needed.

A 6-cent tariff was effective under prewar conditions, butter then being worth 25 cents to 30 cents a pound, with labor and equipment in proportion. Butter ow worth 48 cents a pound. Last year's average 61 cents a pound.

Six cents in emergency tariff proved effective only during the low price period ıne, July, and August when butter averaged about 35 cents a pound and is not :tive now, as shown by increasing imports.

en-cent tariff justified by difference in cost of production and is a fair ad valorem

Canadian costs, as shown by experts, are 10 cents a pound, less than American ı.

Danish butter supplants Canadian butter in English market; therefore Danish ı must be as low or lower than Canadian costs.

When the 6 cent tariff was effective it was equal to a 20 per cent or higher ad rem tariff on a basis of the 25 or 30 cent value of butter at that time. A 20 per tariff now would amount to 10 cents a pound or more. No protective rate in the e Fordney bill is figured at less than 20 per cent ad valorem.

SUMMARY.

e whole dairy industry in the United States rests on the daily price of butter in New York market.

is industry is one of the largest and most essential in the nation.

perience shows that lack of proper tariff protection leads to imports of butter, siderable in amount as compared with the production and consumption in the on, but viciously effective in disrupting and demoralizing the one market which blishes national prices.

e interest of the consumer of butter and the producer of butter will be best served tabilizing butter prices as far as may be, and to do this it is necessary to put a ' in effect which will minimize the surprise shipments, and their influence in mering down New York market prices.

der a 2½-cent tariff this influence was at its worst.

e dairy and general agricultural interests agree that 10 cents is not too much to at this time.

POULTRY AND EGGS.

[Paragraphs 711–713.]

STATEMENT OF KNOX BOUDE, PETALUMA, CALIF., REPRESENT-ING AMERICAN POULTRY ASSOCIATION AND EGG MARKETING ASSOCIATIONS.

The CHAIRMAN. Where do you reside, Mr. Boude?

Mr. BOUDE. I reside at Petaluma, Calif.

The CHAIRMAN. What is your occupation?

Mr. BOUDE. My occupation is that of a farmer who specializes in poultry. My farm is devoted to two products, poultry and apples. I am a specialist in poultry.

The CHAIRMAN. You speak for the American Poultry Association, do you?

Mr. BOUDE. Yes, sir. I represent some nine associations— Pacific coast cooperative associations of Washington, Oregon, and California; the American Poultry Association, which is the general association of the United States; and in respect to the tariff on eggs and poultry I have been given permission to present the views of the American Farm Bureau Federation and also of the National Grange.

The CHAIRMAN. Very well; will you proceed in your own way and inform the committee of your views?

Mr. BOUDE. Gentlemen, the American hen lays approximately 1,767,000,000 dozen eggs per year that find their way to the market from the farmers to the consumers. Another 500,000,000 dozen used upon the farms and in the various processes of incubation. that we have had a surplus during the past few years, and there been an exportation of 10,000,000, 20,000,000, and 40,000,000 do eggs per year. The amount paid for eggs to the farmers—the producers—in the United States was $782,000,000, and for poultry $441,750,000, making a total of $1,223,750,000. These figures ap to the last two years.

Senator LA FOLLETTE. What was that figure for poultry that you just gave us?

Mr. BOUDE. $441,750,000. In the matter of railroad transportation, there was hauled last year 251,350 carloads. In giving fig I do not take the highest estimates as reported by the Department Agriculture. We have not included the 500,000,000 dozens that were used on the farms for edible purposes or for purposes of incubation. I believe the Department of Agriculture places a value $250,000,000 on those eggs. So that the total figures for last year product are in excess of $1,500,000,000.

Senator WATSON. That does not include those sent by express, does it?

Mr. BOUDE. I could not say. There are some phases, Senator, which it is hard to get statistics. But the figures of the department are larger than my figures; so I think that we are conservative. It is a very large industry, because it concerns about 90 per cent the farms in the United States. The Government has fostered industry through the agricultural experiment stations and fo ways and means to increase the average yield per hen. But the remains that one important factor in the marketing of eggs is t

e hen produces eggs only about nine months in the year. The win- season is taken for a time of rest and growing a new set of feathers. The only solution that we have so far found to the process of dis- bution is cold storage. In the spring there is an enormous excess oduction, and from the daily accumulations sufficient quantities sent to cold storage to be distributed in an orderly manner during cold months, when fresh eggs are scarce and exceedingly high.

The CHAIRMAN. Is there any accumulation during the winter sea- n at all?

Mr. BOUDE. There is no accumulation during the winter. That curs only during the spring.

The CHAIRMAN. Absolutely?

Mr. BOUDE. Absolutely; we can get a few sport hens and pullets m which, if we house them and give them heat and a great deal special care and attention, we can get a limited supply, which nstitutes our source of fresh eggs for winter.

Senator LA FOLLETTE. Have you any statistics that show exactly production in the winter months?

Mr. BOUDE. I do not think I have. But just taking my ordinary ck it is about 20 to 30 per cent—20 per cent usually. Occasionally u will get an unusually favorable winter, where some of the spring nditions are reproduced. Then if those conditions are extra good u can get up to 30 per cent.

Senator LA FOLLETTE. About 30 per cent?

Mr. BOUDE. Thirty per cent is the limit; usually 20 per cent.

Senator MCCUMBER. Thirty per cent of the spring production?

Mr. BOUDE. Thirty per cent, provided you raise sufficient pullets, ich are very expensive to raise; that is, in the process of repro- ction, their eggs being used for incubation.

Senator MCCUMBER. That is where you would have mild weather?

Mr. BOUDE. Yes, sir.

Senator MCCUMBER. That would not be true in the North Central ates at all, would it, where they have long winters and cold nters?

Senator LA FOLLETTE. It all depends on how they are kept, nator.

Senator MCCUMBER. I assume that.

Senator WATSON. What is the extent of importation?

Mr. BOUDE. The importations rose in 1914, following the enact- nt of the Underwood-Simmons Act, to 6,000,000 dozens per num. Importers on the Pacific coast announced that they uld make an annual price of 15 cents per dozen, f. o. b. cars San ancisco, and offered yearly contracts. However, the war broke t, and the boats were taken off the Pacific, so that importations re prevented during the war period.

Senator WATSON. Where from?

Mr. BOUDE. They were brought from China at the rate of about 00,000 dozen per annum, but fell one year to 1,333,000 dozens. st year imports increased, and this year during the first eight nths there were 2,620,640 dozens imported. During the same riod eggs in frozen and dried form, aggregating 9,018,665 dozen, re also imported and came in competition with the American oduct. The Government statistics do not state the dried product

separately from the frozen, but each pound of dried eggs imported would represent approximately 3 pounds of fresh eggs.

The CHAIRMAN. Are these Chinese eggs imported over here in pretty fair shape?

Mr. BOUDE. They are getting them here in better shape all the time.

The CHAIRMAN. I would expect that they are a little spoiled, some of them.

Mr. BOUDE. They can remove the spoiled ones by candling and sell only the best ones to the public. The Chinese eggs are six weeks old and in some cases two months old when they arrive.

Senator WATSON. At what cost are they laid down?

Mr. BOUDE. I am going to put in evidence in a few moments the prewar prices of sending Chinese eggs as reported by our consuls. Here is a report of an investigation made by the University of Oregon. It shows that the costs before the war were from 2 to 6 cents per dozen as paid by exporters over there, or importers here, whichever way you wish to put it.

The following data, showing the very low prices at which eggs may be obtained from the Chinese producers in the various districts, are taken from reports of the United States consular officers at the principal egg markets of China:

Hankow (seaport): During the past five years the price of eggs has materially increased; in some districts it has more than doubled. This depends to a large extent upon the proximity of the producer to Hankow, where are located the manufacturing plants. Another important factor in the increase in the price of eggs, as well as other articles, is the method adopted by a British cold-storage plant here, which carries in cold storage to Europe game, poultry, eggs, and meat. This company sends out purchasing agents to collect eggs regularly in certain districts, which creates a ready local market for all the output and that at a maximum price.

The summer price of eggs, as ascertained from 20 localities, varies from 140 to [illegible] eggs for a Mexican dollar (40 cents United States currency), dependent upon the remoteness of the district from the large markets and the accessibility to transport.

During the season (that is, in the spring) eggs can be bought for less than 8 Hankow taels (approximately $5.29 United States currency) per picul of 133⅓ pounds. The number of eggs per picul varies from 1,200 to 1,500; thus, the price per dozen would range from 4.23 to 5.59 cents (United States currency). The average price is between $5.29 and $5.62, but it rises to $5.95 in the winter months.

Nanking (seaport): Eggs are purchased by the local exporters here at prices ranging from 40 to 42 cents per gross and are being consigned to the United States as follows:

Fresh, per dozen	[illegible]
Frozen, in tins, per pound	[illegible]

The rate of exchange and supply may ultimately cause some variation in the [illegible]. Thus far, however, the exporters have experienced no difficulty in securing all they can handle—about 25,000 dozens per day.

Shanghai (seaport): A few years ago the price throughout the year at the open ports on the Yangtze averaged 4 to 5 cash each. This is the equivalent in United States money of approximately 2 cents per dozen. The abolition of these old copper cash, however, and the substitution of 10-cash pieces (or cents) resulted in raising prices in general.

There are five grades of eggs on this market, the grades being by size of eggs. The larger eggs are intended for export. The up-country prices fluctuate constantly, and it is not possible to give even a season average. The egg-product factories buy by weight. The lowest price by weight (mixed grades) works out at about $6.50 Mexican for 1,000 eggs, or about $3.15 United States currency. Egg-product factories do not find it practicable to work when the price in the interior is more than about [illegible] Mexican (say $4.35 United States currency) per thousand.

Of the larger eggs, the up-country prices in the winter months run from $11 to [illegible] Mexican per 1,000. In summer, they are as low as $9 Mexican.

The egg prices fluctuate, of course, with the demand, and the heavy shipments to the United States have had something to do with increasing prices. Prices during the winter of 1913–14 ranged from 10 Shanghai taels (approximately $6.32 United

ates currency) to 17 Shanghai taels (approximately $10.75) per 1,000. To these ices must be added freight and charges, the latter including cases and fillers, packg, export duty, wharfage dues, insurance, and incidentals, averaging in the neighrhood of 1 tael (approximately 63¼ cents United States currency) per case.

The eggs are purchased by agents of the Shanghai retail produce merchants, who sit the farming localities at regular intervals for this special purpose. The eggs are en transported to Shanghai by rail, canal, or river shipments. The farmer generally lls his eggs at about $4.60 (United States currency) per 1,000. Of course, this price dependent upon the supply and demand and fluctuates accordingly. The transrtation charges are usually defrayed by the Shanghai merchant, who resells the gs to local exporters at various prices ranging from $6.25 to $8 (United States curncy) per 1,000. This price also fluctuates, but these figures are approximate. The porter, in turn, sells the eggs to his clients abroad at prices mutually arranged for her by contract or agreement. The cost of crating, packing, insurance, etc., are ually borne by the exporter.

Tsingtau (seaport): The prices vary constantly, being lower in summer than in nter. This office has no accurate data on the prices paid for eggs by the collecting ddlemen. From information obtained from local Chinese, however, it seems evint that eggs thus purchased probably cost from 2 cents to 5 cents (United States rrency) per dozen. They are small eggs.

Tientsin (seaport): The average prices paid by the exporters at the present rate exchange are from 20 to 40 cents (United States currency) per hundred, the procers being paid slightly lower prices.

Hankow (seaport): To-day (Sept. 2, 1915) fresh eggs sell in the market at about 900 sh (35 cents United States currency) per 100, and this is at least 25 per cent above e market price of five years ago. It can not be considered exorbitant, though se eggs are very small.

Canton (seaport): The following prices, in gold, are asked (May 20, 1915) per 1,000 chicken eggs by the wholesale dealers at Canton: Large, $9.10; medium, $8.40; all. $7.82. The prices are, of course, subject to fluctuation as exchange rises and ls.

Swatow (seaport): The price in the interior is about 5½ cents and in Swatow 7½ nts per dozen. In summer, when exportation is scarcely feasible, the price is lower.

Chefoo (seaport): With the introduction of railways into Shantung, the organizan of cold-storage facilities for the shipment of foodstuffs abroad, and the erection factories for drying and condensing eggs for foreign consumption, prices have risen ormously. Fifteen years ago $1 in United States currency purchased about 900 s about 1.3 cents per dozen). The lowest price, or rather the price at that season the year when eggs are most plentiful, is now 360 for $1, or about 3.3 cents per zen.

Harbin (inland): In general, the price of eggs in the Harbin market is 50 cents, ld. per hundred, in large quantities. They retail to the consumer at from 7 to 9 nts, gold, per dozen. It is believed that the farmer receives an average of approxitely 30 cents, gold, per hundred for his eggs.

Hongkong (seaport): Prices of ordinary lots early in March, 1913, ranged from 24 to $6.72 (gold) per thousand, fluctuating between comparatively narrow margins m day to day. During 1912 the highest price in the Hongkong market, wholee, was $6.68 (gold) per thousand.

The report of the Dominion Department of Agriculture for the ek of August 1–8, on page 4, contains the following in regard to inese bulk eggs:

The Paris health authorities have been inquiring into the advisability of using inese eggs in the making of cakes and pastry and have come to the conclusion that ring the hot weather the use of these eggs is dangerous. Chinese eggs are imported o Europe without their shells, being frozen and packed in kegs. Analysis shows at 24 hours after they have been thawed, a single teaspoonful of the mixture conns 36,000 harmful microbes.

M. Martel, the health inspector, who has been conducting the investigation, recmends that pastry cooks and restaurant keepers should be forbidden to use Chinese s, except for biscuit making, where the very high temperature is sufficient to kill e germs. Private consumers, of course, have never been used to Chinese eggs, ich are only sold in bulk.—Teuter, London Observer, July 24, 1921.

Senator WATSON. And do you know what the cost of a dozen eggs ould be from China laid down in Chicago.

Mr. BOUDE. I had prepared to touch on that a little later, when I brought up the matter of transportation costs.

Senator WATSON. I was trying to find out what the real competition of the American eggs was with the Chinese.

Mr. BOUDE. I will make just a few statements about the econom condition. In the spring of the year eggs always fall below the co of production upon the farms. This condition has always obtaine. During that time, of course, the consumer is protected for other portions of the year by cold storage. The eggs go in storage at lo prices, so they can provide a later supply at higher prices during th following fall and winter.

We have asked for a protection which will run uniformly at 8 cen per dozen upon shell eggs, which I am speaking of in this instan because we believe that that will come somewhere near the differen between the cost in America and the cost abroad. We originall asked for 10 cents a dozen, but we have reduced these figures to cents, because we have declining markets all over the world an declining silver which is a factor in Chinese trade.

The prices at Shanghai, prewar, were around 6 cents, as I hav already submitted in the report of the University of Oregon. Wi an 8-cent duty and 5-cent freight rate, which is the ordinary oce rate to Seattle, Portland, or San Francisco, that would enable the to lay eggs down at 19 cents per dozen. The price of eggs or the co of eggs in America has not been settled by the Department of Agri culture or the various departments of the universities. Some of th universities are now making surveys, and I assume the Departme of Agriculture is. We ordinarily took 25 cents a dozen as prew cost of producing 1 dozen eggs, when you reckon all the yea factors that have to do with the cost.

For 23 years, gentlemen, beginning with 1890, shell eggs were the protected list. They bore 5 cents a dozen duty during th time, except for three years, from 1894 to 1897, during the Wils Gorman or Wilson-Vorhees Act, when they were 3 cents a dozen.

Australia puts a tariff upon eggs of 12 cents a dozen, which is pr hibitory to us. But during their season, which is the reverse of ou they ship eggs to the United States.

They also have an embargo against Chinese eggs, for the benefit the home producer and the encouragement of home production.

Senator LA FOLLETTE. Did you give the total importation of eg for eight months? I understood you to give the figures.

Mr. BOUDE. Yes, sir.

Senator LA FOLLETTE. I mean the importation into this coun from all countries for eight months, or was that limited to China?

Mr. BOUDE. This is as reported by the Department of Commer up to September 1.

Senator LA FOLLETTE. And takes in all of the importations?

Mr. BOUDE. 2,620,643 dozens in shell alone, not including dr and frozen.

Senator CALDER. I was not here during the early part of y testimony. Can you give the committee the quantity of eggs im ported from Canada?

Mr. BOUDE. Yes, sir. The importations and exportations bac and forth across the border last year were practically equal, bein 215,000 cases of 30 dozen each. They have an import duty upon

gs of 3 cents a dozen, and the minister of agriculture at Ottawa so has the power to embargo the importations of Chinese eggs wheneer in his judgment it is against the interests of the Canadian pro-cers for them to be received.

Senator CALDER. And the duty at 3 cents a dozen in Canada ainst our eggs?

Mr. BOUDE. Against our eggs; we have none on theirs.

I wish to call attention to the fact that the Department of Agrilture, the universities, and the colleges have done all that they ssibly could to encourage the production of eggs in the United ates.

I wish to lay down just a few fundamental arguments——

Senator CALDER (interposing). Just before you get to that, did you ate the total amount of eggs exported from this country? Have u those figures?

Mr. BOUDE. I have not, but there is a gentleman to follow me who prepared to give those figures in detail.

Senator CALDER. I would like the record to show what quantity eggs were imported and what quantity of eggs were exported.

Mr. BOUDE. Prof. Rice, of Cornell, is here and will follow me. has charts showing this. He has made an academic study of whole situation and, Senator, he will present it to you. I am ly a farmer-producer, and am presenting this statement on behalf the producers.

I want to submit the following arguments as to why we should have adequate tariff of 8 cents a dozen: The Chinese eggs in shell, zen, and dried sell in competition with the American eggs, and ery egg that is imported from China displaces an American egg, cause we are producing a surplus, and ultimately, if you carry this t to its conclusion, it displaces the American hen and the American oducer.

The Chinese standards of living are entirely different from ours, d the American standard of living is high, and we are trying to rease or at least retain the American standard of living upon the m. We are pointing out that it is a desirable thing because of our ndards of living that we retain the present high production and put tariff upon the Chinese imports. Every Chinese egg sold is sold a price necessarily below the price of the American egg, and therere the American farmer can not compete when prices are cut.

Senator SMOOT. Are they as good as the American eggs?

Mr. BOUDE. They are inferior. So they cut the price and break markets where our eggs are sold.

Senator MCCUMBER. For cooking they answer the same purposes?

Mr. BOUDE. Oh, yes; they answer the purposes of a cheap egg. e are not going on record as desiring an embargo in the way of a iff, gentlemen. It just follows as a natural sequence that if we rmit too many of our farm products to be sold at a loss—this has en brought out by those appearing on behalf of wool and wheat d other things that are oftentimes sold at a loss—that it is going have an injurious effect upon our agriculture, and we wish to do that we can to keep agriculture upon the best possible basis.

I want to call attention to another thing that is an economic loss. ur American market is already overloaded with eggs. An effort is w being made to export 500,000 cases of the present surplus in

cold storage, because it is feared we have too many. The foreign markets, the rates of exchange—everything is against the exporta-tion of these eggs.

Senator CALDER. That may be so, but still the markets for cold-storage eggs keeps up in price pretty well, does it not?

Mr. BOUDE. That is because of a scarcity in fresh-egg production; they bid for the fresh eggs instead of using the eggs that have been stored for the normal consumption.

Senator CALDER. But in New York we are not getting our cold-storage eggs much cheaper than the fresh eggs, are we?

Mr. BOUDE. They took them away from us farmers at around [illegible] cents.

Senator CALDER. We are paying something like 65 cents to-day.

Senator CURTIS. I am paying 76 cents for fresh eggs.

Senator SMOOT. I am paying 85 cents for fresh eggs.

Senator CALDER. I want to help the farmer, but I also represent a city which is a great consumer of eggs.

Senator LA FOLLETTE. What is the farmer realizing for eggs to-day?

Mr. BOUDE. I recently looked up the quotations at the Kansas City market. I could not find the Omaha markets. The Kansas City market was around 50 cents for fresh and 40 cents for cold-storage eggs.

Senator LA FOLLETTE. That means after the eggs are delivered to the commission merchant?

Mr. BOUDE. That is what they are asking f. o. b. cars Kansas City, which is in the heart of the egg-producing district.

Senator LA FOLLETTE. Are you a farmer?

Mr. BOUDE. I am a farmer, yes, Senator, and I have no other method of making my living except on the farm.

Senator LA FOLLETTE. What are you realizing on the eggs that you are marketing to-day?

Mr. BOUDE. My wife wrote me that she was receiving 60 cents per dozen.

Senator LA FOLLETTE. Where did you ship from?

Mr. BOUDE. I sell at Petaluma, Calif.

Senator SMOOT. I paid 85 cents for them delivered at the house to-day.

Senator CURTIS. I bought 30 dozen last week at Topeka and had them shipped here, and they cost me laid down in Washington, after paying express, 66 cents a dozen—fresh eggs.

Senator GOODING. Your eggs go direct to the consumer, do they not?

Mr. BOUDE. There is a regular channel of distribution. We have never been able to break over that. We have to use the middleman.

Senator CALDER. The people in the centers of population are not able to go to the middleman. Take New York City, with 6,000,000 people. The farmers do not sell direct to us; their eggs go through two hands—two middlemen.

Mr. BOUDE. It is a study, gentlemen. I hope you can solve it some day. We are willing to do anything in the world to meet you and to study it out. I have studied it in California. It is a very difficult matter.

Senator SMOOT. Is it not a question of distribution rather than a uestion of importation? For instance, in the nine months ending eptember you exported 21,195,249 dozens of eggs, and we imported uring that same period only 2,707,933 dozen; and that is only bout one-seventh of 1 per cent of the importations as compared ith the exportations.

Mr. BOUDE. Precisely, so far as eggs in the shell are concerned.

Senator SMOOT. And is it not a question of distribution in this untry rather than a question of importation under a protective riff?

Mr. BOUDE. I can not agree with you, quite, Senator, in this way: nina is the largest potential egg producer in the world. In the last ur or five years she has increased her export trade by leaps and unds and especially since we put more boats on the Pacific. They l have refrigerator space available. We are wrestling with the oblems of deflation, and the fact that the farmer is not getting hat he used to get. It is simply a question of what China can do to , not entirely what she has done just yet, but what she is going on do. They assure us that they are able to put the American producer out of business.

Senator SMOOT. What do you ask for?

Mr. BOUDE. We ask for 8 cents on shell eggs.

Senator CURTIS. I want to add right there—and I think Mr. Mercer er there will probably recall the instance—in 1914 an importer of gs from China who lived in San Francisco came to Kansas City, o., and offered to sell eggs there at 10 cents a dozen.

Mr. BOUDE. On contract?

Senator CURTIS. Yes, sir.

Senator CALDER. A moment ago you said you were receiving 60 nts a dozen for your eggs?

Mr. BOUDE. Yes.

Senator CALDER. You do not want protection on those eggs, do u? Is not that enough?

Mr. BOUDE. But we are not getting at my place enough eggs to ore than meet the cost of our feed, because the flock is not laying ry much right now.

Senator SMOOT. Under the existing law it is 2 cents a dozen; ıder the Payne-Aldrich law it was 5 cents, and the House bill has ven you 6 cents, and you want 8 cents?

Mr. BOUDE. We want 8 cents. Under the Underwood-Simmons t shell eggs are free; frozen eggs are 2 cents.

Senator SMOOT. Eggs in the shell?

Mr. BOUDE. Eggs in the shell are free at the present time.

Senator SMOOT. I guess not.

Mr. BOUDE. Gentlemen, just a word about transportation. I wish call your attention to certain matters about rates. We pay from her Seattle, Portland, or San Francisco a rate of $3.33 per hundred unds to New York, which is the great consuming market in the nited States. That amounts to about 6 cents a dozen. When the izzards come, we are obliged to ship by express, because the spring mes quicker on the coast, and if there be any shortage it is just then at you need the eggs. So if they are shipped by express it is uble that, and it costs $6.66 a hundred, or about 12 cents per dozen.

When they ship Chinese eggs in train loads, as they came in last winter—they bring them to Seattle, Portland, and San Francisco and send them across—there is a rate of $2.60.

Senator LA FOLLETTE. What is their rate delivered at Seattle?

Mr. BOUDE. Their rate is between 4 and 5 cents, I understand, at the present time. But they are reducing the rate all the time. It is only about 6 cents through the Canal to New York, if they send them that way.

There was a point I want to bring out as to this compensatory duty in the way of transportation upon the imported Chinese eggs of 73 cents per hundred, which amounts to $146 on a carload of 20,000 pounds. I confirmed these figures with Chairman Clark when he was chairman of the Interstate Commerce Commission, so as to have them accurate before we should attempt to give them to anyone.

I just wanted to bring out one thought about it, that the importation of 8 dozen eggs or 8 pounds of frozen eggs puts an American hen out of business. At the present time these importations that we have received—importations particularly of frozen eggs—the gentleman who succeeds me is going to speak especially on that subject—with the shipload that is coming through the canal now for New York, there will be about 32,000,000 pounds of frozen eggs on board in storage.

That represents the product of 4,000,000 hens. That is only an example of what China can do to us if we permit these eggs to come without an adequate duty to protect the American producer.

Senator GOODING. Do you know anything about the average price of eggs in the Middle West during the month of April, May, and June of this year—the price the farmer was getting?

Mr. BOUDE. It ran from 10 to 12 cents, I understand, in Texas, Oklahoma, Kansas, and parts of Missouri. Of course, there was a high freight rate. The New York price fell almost to 20 cents. You consider the high transportation charges that would cause prices to decline at the farm to a greater extent.

Senator GOODING. Ten or fifteen cents a dozen to the farmer.

Mr. BOUDE. Yes, that would be about it.

I have presented the phase of the shell egg, gentlemen. The gentlemen who follow me will present the facts of the frozen egg and the dried egg. We are dividing the time and hoping not to repeat our facts and arguments.

STATEMENT OF HARRY LEWIS, DAVISVILLE, R. I., REPRESENTING INTERNATIONAL BABY CHICK ASSOCIATION AND AMERICAN POULTRY ASSOCIATION.

Mr. LEWIS. I reside at Davisville, R. I.

The CHAIRMAN. You are a farmer?

Mr. LEWIS. Yes, sir; a poultry and dairy farmer.

The CHAIRMAN. Will you state your views to the committee?

Mr. LEWIS. As Mr. Boude, the previous speaker, has just mentioned, in order to save the time of you gentlemen and not repeat, I am going to confine my remarks entirely to questions concerning the dry egg and the frozen egg.

First, just a word about quantity. It is unfortunate that the report of the Department of Commerce does not distinguish in detail as between importations of dry and frozen eggs, but from the

tatistics we have available it is a pretty good estimate to say that etween four and five million pounds of dried eggs are imported into he United States out of 25,000,000 or 30,000,000 pounds which the epartment reports in the form of frozen and dried eggs; in other ords, probably one-fifth come in in that form.

These importations came in last year. They have steadily been icreasing since 1914, and the evidence is that they will be much irger this year.

Just a word as to quality. Dried eggs are prepared from whites, olks, and the whole egg, or mixtures of whites and yolks. I do not now but what you gentlemen have seen the products to which I am ferring. In case you have not, I will give you a little of this so ou can see it [exhibiting sample of dried eggs to the committee]. I ould not advise you to follow the example of my stenographer the ther day, when we opened one of these boxes. Womanlike, she oistened her finger and dipped it into the dried egg, and she said ie has not wanted to eat an egg since. That is nothing against the iality, however, as in that form it is not very tasty.

The CHAIRMAN. What is that? [Referring to sample.]

Mr. LEWIS. That is dried egg. That is the form in which it is put it in commerce, primarily for the use of the housewife.

Senator SMOOT. What is it worth to-day per pound?

Mr. LEWIS. I do not know what it is selling at retail, but in conact prices anywhere from 90 cents to $1 a pound.

Senator SMOOT. And this bill provides 15 cents a pound?

Mr. LEWIS. Yes, sir.

Senator SMOOT. And the Underwood bill 10 cents?

Mr. LEWIS. And we are asking for 24 cents on the dried egg.

Senator SMOOT. What is a dried egg worth in China to-day?

Mr. LEWIS. The product, you mean?

Senator SMOOT. Yes.

Mr. LEWIS. Of course, that is made from shell eggs, which I rerred to, which are about 8 or 10 cents a dozen, and as it takes 3 zen eggs to a pound of dried egg, the process is approximately three mes that.

Senator SMOOT. The invoice prices on the last dried eggs that came from China was 16 cents per pound?

Mr. LEWIS. The desiccated eggs can not be as universally substited for shell eggs as the frozen product, because "lifting power" the white is partially destroyed by the process of drying. This roduct is used in large quantities in what is termed by the bakers flat baking." This product is used primarily in the preparation of ome foodstuffs, although it has other uses in this country in the ting of dyes for cotton cloth, and in making certain medical preparaons for skin treatment, etc.

From the best information we have the following facts apply rearding the prices, and the commercial uses of dried albumen are ipidly increasing in the United States. The product usually sells this country for 90 cents to $1 a pound.

The rate in the Fordney bill as reported by the House is 15 cents er pound specific duty on all three products—the dried albumen, ie dried yolk, and the dried whole egg. The American Poultry Asciation is asking the Senate Finance Committee to raise the rate 24 cents per pound, specific. Ordinarily it has been found true

by firms engaged in the business of drying eggs that 3 dozen shelled eggs make 1 pound of dried or desiccated eggs. There is an overrun, it is found, in the case of American eggs, which run somewhat larger and better in quality. The tariff rate of 8 cents per dozen on shelled eggs is in the proportion of 24 cents per pound on dried or desiccated eggs.

There are just two or three points I want to bring out in connection with the dried-egg situation in the way of argument for the tariff which we request. It is very evident from a study of the situation that in the last few years, due to the development of this industry in China, the industry in this country which previously existed on a fairly strong basis has almost entirely been destroyed, and I quote you figures from the United States Department of Agriculture to show proof of that [reading]:

> During 1918 the average price of fresh eggs in the United States was 48.45 cents per dozen, as compared with 12 cents in China. Labor costs are also considerably higher in this country than in China. Several years ago there were considerable quantities of desiccated eggs manufactured in this country. However, as a consequence of the comparative cheapness of Chinese labor and raw material, most of the machinery in these factories has been shipped to China for use in plants operated by American capital and under American management. Most of the dried product shipped into this country by these concerns is handled by their home agents.

The machinery for drying and desiccating these eggs is, a great deal of it, owned and patented by the firms carrying on the process.

In other words, as a result of the development of the Chinese egg supply, the drying industry in this country has practically been done away with.

Senator SMOOT. That is on account of the use of the frozen egg more than the dried egg?

Mr. LEWIS. Both to quite an extent. Probably the frozen-egg industry in this country has not been injured to quite the same extent as the dried-egg industry has.

Senator SMOOT. That has been increasing right along?

Mr. LEWIS. The main point is that the American egg is cheap enough to make this business profitable in this country even in spite of the tendency to import extensively from China.

As mentioned a little while ago, the prices received in the Southern States, and for some 10 or 12 weeks during the last spring of 192[illegible] the price of shelled eggs in the States of Texas, Oklahoma, Kansas, Missouri, and Nebraska ranged about 12 cents a dozen. This was down to substantially prewar level.

If they can freeze and dry eggs profitably in China at these prices, may we not do it also in this country?

The object in asking a tariff upon dried eggs is to induce the men engaged in buying and shipping eggs in these western and southwestern States to establish drying and freezing plants, using the American product and employing American labor. A protective duty of 25 cents per pound would be a material inducement to American business men to reestablish this industry in this country, and it does not seem to us a bit unfair to make the rate at that point.

Senator LA FOLLETTE. Do you know about what time the market dropped to 10 or 12 cents?

Mr. Lewis. Yes; in the spring. You see, the hen, as Mr. Boude reviously mentioned, lays eggs primarily to reproduce herself. Then we operate a poultry farm we are commercializing the reproductive functions of the hen, and the natural egg-laying season of the en is in the spring months. It is that season of the year that the rms of this country provide the great bulk of eggs which must rry us through for 12 months, and it is the one season of the year hen eggs are very, very cheap; and if it was not for refrigeration id methods of cold storage, of course, we would be paying fabulous ms for eggs this time of the year and we would get the eggs which ere laid in the spring at nothing; they would be worth nothing on e farm. So it is in the natural breeding season, in the spring onths, that the price reaches the lowest level, when the hen is oducing at the maximum.

The farm hen does not produce to any extent outside of that time. iere are a considerable number of eggs produced in country poultry nters on the east coast and west coast during the winter, but it is ly by very careful, painstaking methods, by immense investment equipment and by a great deal of training and experience that at can be accomplished, and it is only those very few eggs proiced in those sections that bring those fancy prices we have been eaking about; those who must have fresh eggs and pay for them gh prices when only a few are available. When you stop to think all the eggs consumed in New York City in a year less than 5 r cent are known as "near-by," you get some idea of how small a oblem the fresh egg is in this poultry problem throughout the nited States.

Senator Calder. Nevertheless, the market on cold-storage eggs lds up pretty well, does it not? I know that in New York we are t getting our cold-storage eggs much cheaper than the fresh eggs.

Mr. Lewis. Possibly so; and justly so, because it costs quite an m to put eggs in cold storage and keep them there. There is also big element of loss connected with it; the possibility of overproducn and the prices not holding up as they would otherwise; and if it is not for the cold-storage eggs, the probability is that you could t buy eggs for any sum at the present time.

The point I make is that the industry is doing us a service by oviding eggs for us at this time when we could not get them unless ld-storage products were available. In other words, it is equalizing e supplies, which is, of course, the thing that we are most familiar ith to-day.

The other point that I want to make is that we have in this country ough eggs for this purpose, so that it is not necessary for us to go China or to any other country to get our supply, and I quote rther from the Department of Agriculture report, "that, at the rate annual consumption in the United States of dried and frozen eggs, one-half or two-thirds the shell eggs annually produced in the ate of Texas were so prepared the product would more than pply the demands of the United States."

That seems rather a big statement to make until you study the oduction of a big State like Texas, which is one of our heaviest oducers of eggs in the spring months. The eggs produced annually the States of Texas, Oklahoma, and Kansas would, if dried or ozen, more than supply this particular trade in the United States.

The reason I mention that is that the argument is often made that we have not in this country enough eggs to meet the situation and to supply our own needs. But if one-half to two-thirds of the Texas supply were frozen, we would have enough for our own needs, and adding the other States, we would probably have enough of that product to supply the needs at the present time. Of course, we appreciate and anticipate that the industry of freezing and drying is going to increase and become more and more a factor in providing food for the American people as well as people in other sections of the world.

Another point which we want to consider is that the United States Department of Agriculture has made a careful study of this problem and the cost of manufacture, and the methods of manufacture are in a way no secret; bulletins have been prepared and a great deal of study has been devoted to the problem. So that our capital in this country can be used for that purpose. It is not a secret, although all of these practices, of course, are improved from time to time by secret processes.

In conclusion, I want to say that it is reported that a prominent importer stated that the average duty cost under the present tariff of all of his importations of dried eggs in all forms was 5 cents per pound. It is unofficially reported that a single small egg-drying plant was operated in America during the season of 1921, it being that of Swift & Co., at Wichita, Kans., out of a large number which operated previous to that time. The importations have greatly increased during the past six years, and there is a negligible home production of dried and frozen, although there is a considerable surplus of shell eggs produced in this country. It is apparent, therefore, that only an adequate duty will enable the business of drying eggs to be reestablished in the United States and be brought back and restored to the position which it formerly held.

It seems to me, gentlemen, that one of the things we want to do in balancing our agriculture is to try and make this country self-supporting and, so far as possible, independent of outside sources of supply.

Senator SMOOT. Do you agree with some that the drying of eggs is going to pass away and the freezing of eggs become the future method of handling them?

Mr. LEWIS. No; I do not think so.

Senator SMOOT. Which is the best product?

Mr. LEWIS. From the standpoint of nutritive value there are extensive studies being made at the present time on the dried product to determine the effect of drying the vitamine content. So far as nutritive properties—protein, fats, etc.—are concerned, there probably is no difference. But eggs, together with milk and other products which the farmer produces, have recently been found to possess a group of properties which we call vitamine, which are very essential to growth and development of the human race. Milk in butter fat and no doubt the fat in the egg yolk are very rich in these elements.

Senator SMOOT. They are not destroyed by drying?

Mr. LEWIS. No.

Senator SMOOT. Nor by freezing?

Mr. LEWIS. No.

Senator SMOOT. That quality remains the same?

Mr. LEWIS. Practically the same, but there is a destruction of the tamine in one of these, which is fundamental. But scientists are orking on it.

I was at a conference the other day with a doctor from Johns Hopns, where they have come to believe that one of the soluble vitanes in eggs was destroyed by heating, but the food value so far as tritive content is concerned is not injured.

So much for the dried-egg situation. Now, just a few words out the frozen eggs.

The grades of eggs principally used in drying and freezing are racked, dirty, and what are known as seconds." That is, an egg ich, in this country, can not be sold as first class for consumption. In the future it may be possible——

Senator CURTIS (interposing). They sell them to bakeries, do ey not?

Mr. LEWIS. To some extent, but they can not all be used up in period of production; they must be held over in some way, ich is best done by freezing.

Senator LA FOLLETTE. Are those seconds selected at the time ey are fresh?

Mr. LEWIS. Eggs are frozen at the time they are fresh or comratively so. They are broken, separated into yolks and whites, d frozen.

The problem of any country that attempts to standardize eggs is e disposition of seconds. Canada is facing that at the present ne. She has a very careful, complete, and well-worked-out eggading law. Putting that into effect has enabled her to largely pture the select-egg trade of England, but she has an immense oblem on her hands with those seconds, which she can not export, d these must be frozen or put into shape as best to be used by e trade.

In the future it may be possible and advisable during the spring ason, when there is a large production and prices rule low, so that e eggs can not profitably be shipped to other markets, to both y and freeze some of the better as well as the inferior grades in the est and Southwest. With high rates of transportation and labor entiful, an economic condition is created which will have to be ken into consideration in the development of a helpful governental policy. In other words, we do not for a minute wish to courage home breaking and freezing of eggs. But in view of the t that we have sufficient product to meet the needs it would seem though we need not be compelled to fight against this oriental mpetition, which is developing very rapidly.

With the prospect ahead of securing enormous profits through inese frozen and dried eggs with a nominal duty of 2 cents per und upon frozen and an average duty of 5 cents per pound upon ied, about the time of the passage of the act of October, 1913, the minating firms preparing these commodities abandoned the nerican producing fields and deliberately transferred their activis to China. The industry of freezing eggs has declined here since at time. On account of the increasing production in the United ates of shell eggs there are necessarily large quantities of under-

grades and checks, particularly in the producing season, and the spring surplus of this commodity is always difficult to sell, because the presence of a great quantity of first-class, high-grade stock on the market is naturally more attractive to the buyer.

Just a word about the rates. A tariff of 8 cents per pound is requested by the producers upon frozen eggs to America, which is the same rate which we request on shell eggs, for the simple reason that it takes it pound for pound; in other words, they are equal in reference to bulk or volume. The same reasons and the same arguments that apply to the request for a 24-cent tariff upon dried eggs apply almost invariably to the 8-cent rate requested on frozen eggs. It is ordinarily claimed that 1 dozen shell eggs make 1 pound of frozen eggs.

Senator WATSON. What is the difference between the cost of freezing and drying?

Mr. LEWIS. Freezing is a much less costly operation.

Senator WATSON. I supposed so.

Mr. LEWIS. It does not require the complicated machinery nor the trained labor.

Senator WATSON. What is the difference?

Mr. LEWIS. I can not give you the exact cost. I think that has probably been worked out and will be presented by Prof. Rice.

We feel that such a tariff law will give us back normal production and will at least approach the difference between the mere cost of living here and the cost of living in China. We certainly do not want to reduce our poultry producers and farmers to a condition of pauperism by compelling them to compete with Chinese labor. That may be exaggerating, but it certainly has a tendency in that direction.

I have just a few figures on the question of the cost of manufacture. The investment required for the profitable breaking of eggs is not large, although the Department of Agriculture will require the observance of certain sanitary regulations, all of which will result in the production of a high-grade product in this country. And there is a point I think we ought to remember, that the product which we get from this country, broken and frozen in our own breaking establishments, is manufactured under governmental supervision and certain sanitary precautions required, while when that same product is manufactured in China and shipped in here in a frozen state we have not the evidence or the assurance that the product has been produced under as sanitary conditions as it should be nor with the care that it should be.

In this matter of labor charge in the freezing of eggs, one of the large importers is reported to have stated that under favorable circumstances this had been only 1 cent a pound in their American plant. However this may be, in establishing a new industry by business men it sets a standard of efficiency and for economy. In other words, the breaking of eggs and the freezing of eggs can be done in a very economical and efficient manner at relatively low cost. After being broken the eggs are poured into cans holding about 50 pounds each and are then sent to the freezer. It is stated that until recently the cost of the can added 2 cents per pound to the cost of the product. Even after the customary business overhead is added to these figures, it will be seen that the cost of manufactur-

ıg is small. The eggs bought for manufacturing purposes at Shangai at 12 cents per dozen during the war were sold on yearly con'acts in the United States to the baking trade at approximately 5 cents per pound. Now that eggs are falling in price at Shanghai 6 and 8 cents per dozen, the frozen product is being contracted American bakers by the importers upon yearly contracts at about) cents per pound. This certainly looks like very attractive and 'ry remunerative business.

Just one or two arguments now in definite support of 8-cent tariff: First, our own production has been very definitely stifled by this 'iental trade. The fact that the importers have selling agencies in l of the principal cities of the United States and are prepared to :tend long credit, offer yearly contracts at flat rates per pound, and aintain ample supplies of frozen canned eggs in cold-storage ware)uses all over the country ready for immediate delivery, places the ıking trade of the country in the position of being absolutely 'pendent upon the importers for supplies.

In other words, they are assured of an immense supply through ıis source.

Speaking in plain words, we might say that the importers absotely have control of the trade through their ability to bring in this ımense quantity by contract with the bakeries a year ahead.

We have evidence, which is certainly interesting, to show that there es not seem to be a demand for the product produced here, for a ımber of reasons: On account of the tremendous production cost of gs in this country in the spring of 1921 there was a large supply of ıdergrades suitable for freezing and considerable quantities of the merican product were incidentally manufactured. In consequence this there has been a good chance for the independent firms conolling this product to deal with the entire baking trade by offering is supply to them.

It has been offered in one of the markets of this country as low as cents per pound under the importer's contract price of the Chinese ozen eggs, but without buyers, as they are bound by contracts to e importers, which, of course, has to have a year to run, because ade on the yearly basis. This situation operates as a great restric)n to the trade of the domestic product. Apparently the importers e in full control of the American markets for all frozen and dried gs. With the price in the spring of 1921 at Shanghai at 8 cents per zen and the selling price in the United States of 30 cents per und the year, it would appear to be a very profitable deal for the ıporters. Since the annual selling turnover in this country of dried ıd frozen eggs is supposed to amount to at least $15,000,000, it oks like there was a big profit in these transactions for somebody.

The CHAIRMAN. Are most of the eggs used by these bakeries ıported Chinese eggs?

Mr. LEWIS. The great majority of them; yes, sir. In other words, e amount of home-produced frozen and dried eggs is very, very ıall, especially of the dried product.

The CHAIRMAN. Are all these ready-made loaves of bread which u see advertised made with Chinese eggs?

Mr. LEWIS. They are practically all made with frozen and dried gs.

The CHAIRMAN. From China?

Mr. LEWIS. Yes, sir; because that is where the great bulk of our eggs come from.

The CHAIRMAN. If that were generally known, I do not think it would promote the sale of the bread

Mr. LEWIS. Of course, I am not here to question the quality of the product which comes into this country, although I suppose we might spend quite a time discussing the question of sanitary conditions surrounding its manufacture, the sanitary condition of the goods themselves that go into the product, and the condition of this product when it reaches this country. Obviously it can not be as good as that produced in this country and is a point, of course, to be considered.

I do not know that there is any other point I especially wish to make at this time, but to bring out one important point, which I think we all ought to concede, and that is this: That for years our Federal Government has been fostering the development of our agriculture, and especially the development of poultry husbandry in this country. Hundreds of thousands of dollars have been spent by colleges and by our extension departments to build up a more efficient production, to build up a larger production, to make this country self-sustaining so far as poultry and egg supply is concerned, and I can assure you that the evidence points to the fact that the continued importation of Chinese frozen and dried eggs, whether from China or from any other foreign country, is and will continue to break down and curtail American production, because they can be brought in here and sold at a point much below what we can produce at a profit, and it would seem the height of good business to create a moderate difference, which would be the difference between the cost of production there and here, and still leave to us a living wage and a satisfactory margin of profit; and I believe in that way that you will not be increasing the cost of goods in this country to the consumer, because we have, I think, submitted evidence to show that this country can and is producing enough eggs to meet its needs, and that if the industry of breaking and drying was fostered and developed in this country we would have a good substantial business here as we formerly had.

STATEMENT OF GEORGE CUGLEY, SPRINGFIELD, OHIO, REPRESENTING BUCKEYE INCUBATOR CO. AND AMERICAN ASSOCIATION OF INCUBATOR MANUFACTURERS.

The CHAIRMAN. What business are you in, Mr. Cugley?

Mr. CUGLEY. I am vice president of the Buckeye Incubator Co. I am also associated with the Continental Sales Co., of Springfield, Ohio, which deals very largely in poultry supplies, and also with the Cugley & Mellon Co., of Philadelphia, which is a retail distributor of poultry supplies.

The CHAIRMAN. You reside in Springfield?

Mr. CUGLEY. I reside in Springfield, Ohio.

The CHAIRMAN. Will you state your views to the committee on the questions before us?

Mr. CUGLEY. Gentlemen, in presenting my argument to you I would like to have you know that I am speaking in behalf of the American manufacturers who are intensely interested in this poultry and egg tariff, namely, the incubator manufacturers, the brooder manufacturers, poultry-feed manufacturers, poultry-remedy manufacturers,

cturers, poultry supplies and equipment manufacturers, and the ultry journal publishers. It was deemed wise to have me present e case for all these different groups rather than to have them appear r themselves.

I might say initially that this group of manufacturers and others e very much concerned about this tariff on poultry and eggs. The emendous increase during the last two years in the imports of gs especially and also of poultry has already had its effect on r home industry. One of the first places that we see this is with e producer of the baby chicks. You gentlemen may not be are of the vast industry that has developed in the production of by chicks. So, I will say briefly this—that we now have in the nited States a large number of institutions that are devoted entirely the hatching and distribution of baby chickens. Our largest tchery is located at Cleveland, Ohio, with a capacity of over 000,000 eggs. We have hatcheries all over the country with pacities from 100,000 up to a half million eggs.

Senator WATSON. Take an institution of that kind, with the pacity of a million eggs, how many broods do they turn out in a ar?

Mr. CUGLEY. On an average, about three. So that the incubator pacity of a million eggs will turn out normally 2,000,000 baby chicks a season, counting on about one-third loss on the three hatches.

Senator WATSON. Is the loss that great—is that the average?

Mr. CUGLEY. It will run about a third; yes, sir—that is, the infer-le and the unhatchable will reduce the number of chicks produced bout one-third of the total number of eggs set.

I mention the baby-chick industry because that is the place where e start in the poultry industry. There has been a great deal of terest developed in this baby-chick industry in the last few years, nd it was growing at a very rapid pace.

This year when the representatives of the incubator manufacturers ent out to call on the hatcheries to solicit their business for in-eased capacity, we came into frequent contact with hatchery ners who refused to consider any increase in hatchery capacity cause of this present situation. They have been watching this tuation with regard to importation of eggs very closely and, as I y, the importation has been increasing at such a rapid rate during e last two years that they are very apprehensive with regard to e future, and repeatedly they have refused to increase their hatch-g capacity because of their fear of not having a sufficient market take care of that increase.

I might say to you that the ramifications of the poultry industry ke in a great many things besides the mere producer. When we t down at the table to consume an egg, we simply think of it as an g, and that is as far as we go; the same thing with the chicken. ut the amount of money that is invested and the volume of business at follows the poultry industry runs into very large figures. And considering the protection of the producer I think we should also onsider the protection of the industries which are connected with e producer, taking the industry all the way through; and, with a iew of bringing to your attention the volume of business that is volved and the capital that is invested, I will go through briefly he course that follows the egg to the table, and in presenting these

figures to you gentlemen I want to say that most of them have been estimated because of the brief time in which I had to compile them. I think I can say to you, however, that they are reasonably accurate and I think in every case under the actual figures as they exist.

Taking the incubator industry, which, of course, is where the industry must start, with the hatching of the egg, there are approximately 56 incubator manufacturers in the country, and those incubator manufacturers are doing an annual business of approximately $8,575,000.

Following that is the brooder industry. The brooders are necessary to raise the chickens after they are hatched. Our brooder industry in the United States is running to approximately $5,000,000 annually.

The biggest item we have in connection with the poultry industry from a commercial standpoint is the matter of poultry feeds. The figures that we have compiled show that there is approximately $500,000,000 worth of poultry feed consumed in the United States annually; a large part of that $500,000,000 worth of feed is sold by commercial poultry-feed manufacturers, and the balance of it is fed on the farm. In that connection I think it might be well to call attention to the fact that on practically every farm where poultry is kept and farming included with it there is a certain amount of grain which would be wasted if it were not for the farmers ability to feed it to the poultry. So that there is an economic condition that enters into that.

The poultry-remedy business of the United States amounts to approximately $10,000,000 a year. That includes poultry remedies and disinfectants sold to the poultry farmers.

The value of the egg-crate industry, that is, the crates which are used to transport the eggs all over the country, amounts to approximately $10,000,000 a year, and the chicken-crate industry amounts to about $6,000,000 a year.

We next come to poultry supplies, which include the galvanized feeders and water fountains and various appliances which are used in connection with the poultry farmer. That industry amounts to approximately $4,500,000 a year.

The fillers which are used in connection with the egg cases and the cardboard shipping boxes which are used for the transportation of baby chicks amount to approximately $5,000,000 a year.

The poultry-journal publishing industry—and I might say in this connection, to give you some idea of the importance of the poultry industry, that the poultry journals of this country have a circulation of approximately 1,000,000 a month. The poultry-journal business as a whole will amount to about $1,000,000 annually; and in connection with the poultry journals I might mention, in passing, that the advertising which is carried on in the farming press of the country on poultry alone in 1920 amounted to $321,000 and on poultry supplies in 1920 amounted to $675,000, or approximately $1,000,000 in advertising, covering the two phases.

Those classifications that I have mentioned to you cover the principal industries that are connected with the poultry industry and, as you can see, they run into very large figures.

I have not said anything about the value of the transportation which follows all of these industries, including the transportation of

oultry and eggs themselves. But, taking the industry as a whole, it oes represent a tremendous investment, and these various industries hich I have mentioned here have been built up after very great fort on the part of those engaged in the different branches, and we e very much concerned, as I said, because of this present situation. 'e are very certain that if those Chinese eggs, particularly, are lowed to come into this country, where each egg is going to displace a American-produced egg, it naturally must reduce the volume of isiness that is now being done by these various concerns, and I can sure you that these different branches of industry can not stand a aterial reduction in their present volume of business.

The poultry industry has not been as prosperous as it might be in i various branches, and in that one connection I might say, taking e incubator industry in itself, that out of the fifty-odd concerns at are manufacturing incubators to-day there are approximately ly five or six which are on a commercial paying basis. Some of ose that have not yet reached that point have hopes of developing eir business into prosperous institutions. But if the importation allowed to go on and these various eggs allowed to displace Amerin eggs, I very much fear that their hopes will be shattered, and at the same will follow in some of the other branches of the industry.

There has been nothing said in connection with the duty on live d dressed poultry, and I just wanted to mention, in passing, that e industries which I represent are just as much interested in the ity on live and dressed poultry as they are in the tariff on eggs, cause one is quite as important as the other, and I trust in giving is matter your consideration that you will see that an adequate riff is placed on the live and dressed poultry, because we are also pendent upon the continuation of the production of American ultry for the American consumption.

Senator CALDER. What are the exports of live and dressed poultry -day?

Mr. CUGLEY. I can not give you that. Prof. Rice is prepared to re you that information.

'ATEMENT OF PROF. JAMES E. RICE, REPRESENTING THE AMERICAN POULTRY ASSOCIATION, ITHACA, N. Y.

Prof. RICE. Mr. Chairman and members of the committee, I present the American Poultry Association, having membership in of the States and including many branches and affiliated national, gional, State, and local organizations and individual members. also represent myself, as a farmer with 177 acres and 1,400 hens. it more particularly I desire to appear here in a capacity which think is more important than either one of those mentioned in is particular event, and that is my position as a teacher and vestigator in Cornell University, in the college of agriculture, as ad of the poultry department.

When this question of tariff legislation came up the American ultry Association asked me to make a scientific study, in so far as cilities were available, of the world poultry situation as it related a protective tariff.

When we appeared before the Ways and Means Committee last ring we confessed to the committee, as you will see in the copies our testimony and the brief that we are leaving with you, that

we were not prepared to take a final position in making recommendations. But we gave the best that we had at the time. Since then we have spent a large amount of time in an effort to arrive at the truth as to the needs for a tariff on poultry and eggs and egg products, and I want you men to accept my word for it that I am more concerned as to the accuracy of the figures and facts that I am going to leave with you than I am in the welfare of the poultry industry or for my personal interest in poultry husbandry, because, first of all, we should be good Americans.

If any of our findings can be used as an argument against a protective tariff I am going to say them just the same, because what we want and what you men want is to go before the American people with a protective tariff that will stand as sound and for the best interests of the consumer, for the producer, and for all concerned.

I am going to have available for you and leave with you therefore the results of our studies, with some 350 pages of typewritten material, 58 illustrations, and in addition some 10 or 12 illustrations that have not yet been included. Some of these illustrations I would like to present to you to-day in the form of charts[1] because I find it will save your time, it will save my time, and it will be infinitely clearer. Somehow I can not make a thing clear to anyone else unless I understand it myself, and I can not understand it myself unless I graph it and get it into form that the eye can understand as well as the ear. Therefore, with your permission, I would like to have my colleagues hold up just a few of these statistical studies, to see if we can get an idea of the world poultry situation affecting the United States.

The first study, figure 1,[1] and Table I represents the importations of eggs and egg products into the United States during 19[illegible] amounting to $13,878,795, of which only $309,651 was shell eggs.

It will be clear, therefore, that the great mass of importations into this country are egg products and not eggs in shell. There is a distinct reason for that condition; the reason is that the exporters in China find, first, that by breaking the eggs they can utilize a poorer grade of eggs than they could possibly export in the shell. That is true also in this country. The cracked and poorer quality, but not bad eggs, go into the prepared product. Second, the freezing and drying of eggs reduces transportation costs; third, it reduces storage costs; fourth, the manufacturers are able to standardize their product and therefore are able to sell it with a great deal more efficiency and dispatch; and fifth, they are able to make their contracts in the spring of the year when the great proportion of the egg supply is purchased at low cost, and therefore to sell it under contract for a year in advance, as has been stated, to be delivered throughout the entire year, as wanted through their large distributing agencies in this country, because they know early in the year the approximate quantity and cost of the yearly output.

Therefore, we see that the United States is materially affected by the volume of product coming from the Orient, amounting to $6,528,598, and, I think if the truth were known, much of this prepared product imported from Europe originally came from China, because we find American capital and English capital dominating

[1] All figures referred to by Prof. Rice are on file with Senate Finance Committee.

he oriental egg trade, but now some other countries, and the Chinese, re engaged in this Chinese egg industry.

Our problem, gentlemen, is not simply to meet competition with the heap labor of China; our problem is to meet a combination between rge American capitalists syndicating the cheap labor and natural sources in China. These large corporations, although sometimes pparently under different names in the two countries, are doing usiness in China and transporting their products into America to be ld through their large distributing agencies on this side.

A few weeks ago I returned from Europe after spending a couple of onths trying to find out in the time available the poultry situation er there; and I am prepared to say that it is my judgment that we re going to see greater importations of egg products from China in e very near future than we have had in the past. In London, the eatest egg market in the world, I saw, in a single establishment wned by a man who has been in business for 40 years as an importer eggs and egg products, eggs from China, Lithuania, from Poland, om Holland, from Denmark, from Australia, from Ireland, from otland, from the Balkan States, from North Africa, and South frica, and from some others, and the dealer told me if I would stay vo or three days he would show me eggs from Argentina and from anada which were on the way. This was a fair example of my perience with other importers. The general consensus of opinion nong these men is that we may expect to see greater importations om China to the United States than we have had in the past.

In other words, as soon as the world production begins to get back normal in the European countries and eggs from cheap-land, cheap-ed, and cheap-labor countries flow into the London markets, and is trade is increasing, there is going to be a greater tendency for e products that have been going into London from China to find an tlet in America. All the world appears to have its eyes on American ld and our better living conditions.

TABLE I.—*Imports of eggs (shell) and egg products, United States, 1920.*

Countries.	Eggs (shell).		Egg products.	
	Dozens.	Value.	Pounds.	Value.
na	846,863	$228,371	25,646,791	$6,093,155
ngkong	269,567	93,213	53,253	19,067
pan	84,755	34,957	131,475	59,835
gland	68	94	2,378,752	627,650
tland			45,000	38,475
therlands			67,600	15,964
rway			340,000	139,400
nada	276,392	159,301	311,052	228,121
gentina	21,000	8,737		
stralia	209,718	93,094	48,414	11,816
w Zealand			240	131
itish West Indies	38	23		
itish India	300	119		
SUMMARY.				
ia	1,201,185	356,541	25,831,519	6,172,057
rope	68	94	2,831,352	821,489
rth America	276,392	159,301	311,052	228,121
uth America	21,000	8,737		
eania	210,056	93,236	48,645	11,947
Total	1,708,701	617,909	29,022,577	7,233,614

Total value of imports of eggs (shell) and egg products, United States, 1920.

China	$6,321,526	British West Indies	$[illegible]
Hongkong	112,280	British India	[illegible]
Japan	94,792		
England	627,744	Summary:	
Scotland	38,475	Asia	6,528,[illegible]
Netherlands	15,964	Europe	821,[illegible]
Norway	130,400	North America	38[illegible]
Canada	387,422	South America	[illegible]
Argentina	8,737	Oceania	10[illegible]
Australia	104,910		
New Zealand	131	Total	7,851,[illegible]

Figure 2 and Table II show the total exports of eggs and egg products from the United States and the countries to which they were exported. The total amounts of exports to each country is shown graphically on the same mathematical scale as in the case of the imports shown in figure 1. It will be seen that our total exports were $13,878,795 in 1920 as against total imports in the same year of $7,851,523, a balance of trade of exports over imports of $6,027,2[illegible]. Of this amount our export of shell eggs was $13,569,144, and of egg products $309,651 as against our imports of egg products of $7,223,6[illegible], of shell eggs, $617,909. It is clear, therefore, as shown by the graphs and the figures that practically all or to be exact 92.11 per cent of the importations are egg products rather than shell eggs, and that practically all, namely, 97.69 per cent our exports are shell eggs and not egg products. The graphs showing imports indicate in a striking manner the fact that the Orient is our principal source of eggs and egg products of which almost the entire amount $6,321,5[illegible] is received from China, and that in addition to this $94,792 came from Japan, and $112,280 from Hongkong, which should be considered as from China, making a total of $6,528,598 or 83.25 per cent of total imports from the Orient. It will be seen that nearly one-half of the importations from Canada, namely, $159,301, or 41.12 per cent of the total were shell eggs as compared to $228,121 in egg products which, it is a safe guess, originally came from China. The total value of importations from Canada was $387,422.

It is more than likely that the $627,744 worth of eggs and egg products imported from England together with the imports of $38,4[illegible] from Scotland and those from other European countries also came originally from the Orient. When we realize that the most reliable estimates of the number of fowls in China is 400,000,000 or 100,000,[illegible] more than the United States, namely, 25 per cent more, we understand the menace of oriental competition. The importations from Australia on the other hand are largely shell eggs, these being imported during our periods of highest prices, which is the period of largest production and low prices in Australia where the spring season occurs at the same time as our fall and winter in the United States.

The export figures show that Cuba is by far our largest customer for eggs, almost exclusively shell eggs, taking $6,368,757 worth, and that Canada is next in importance, receiving $3,369,096 worth. The Canadians are large buyers, notwithstanding the fact that Canada imposes a tax of 3 cents a dozen on American shell eggs, whereas we in our mistaken benevolence permit her to enter our markets free of duty.

TABLE II.—*Exports of eggs (shell) and egg products, United States, 1920.*

Countries.	Eggs (shell).		Egg products.	Total value.
	Dozens.	Value.		
ssia in Asia	690	$326	$659	$985
ece			183	183
ina			3,080	3,080
tch East Indies			15	15
an			125	125
res and Madeira	1,770	1,080		1,080
gium	467,770	230,026	435	230,461
many	100,650	58,335	7,727	66,062
therlands	45,000	25,500	230	25,720
rway	750	450	463	913
gland	2,634,276	1,513,036	193,274	1,706,310
tland	1,661,940	906,281	100	906,321
and	15,000	8,010		8,010
nce			5,120	5,120
y			4,370	4,370
and and Danzig			16	16
in			2,230	2,230
den			750	750
key in Europe			57	57
ssinia			128	128
tish South Africa			28	28
muda	48,223	30,335	570	30,905
tish Honduras	390	277		277
ada	7,078,137	3,333,658	35,438	3,369,096
temala	64	53	23	76
nduras	19,530	10,607	229	10,836
aragua	210	118		118
ama	371,865	345,132	566	345,698
vador	600	250		250
xico	1,749,839	755,374	2,593	757,967
foundland and Labrador	81	40	4,790	4,830
tish Jamaica	1,620	1,003	147	1,150
er British West Indies	2,298	1,346	122	1,468
a	12,440,565	6,347,594	21,163	6,368,757
gin Islands of the United States	299	246	10	256
minican Republic	200	102	39	141
ta Rica			43	43
nidad and Tobago				
ch West Indies			2	2
zil	5	25		25
entina			8,924	8,924
le			14,170	14,170
ombia			432	432
ador			130	130
u			89	89
ezuela			1	1
tria			87	87
land			900	900
and and Faroe Islands			140	140
Zealand			48	48
er British Oceania			25	25
ch Oceania			10	10
SUMMARY.				
a	690	326	4,090	4,416
ope	4,927,156	2,742,658	214,890	2,957,549
th America	21,713,921	10,826,135	65,735	10,891,870
th America	5	25	23,746	23,771
ania			1,160	1,190
Total	26,641,772	13,569,144	309,651	13,878,795

Figure 3 and Table III show graphically the quantity and value the imports of eggs in shell, and egg products entered for conmption in the United States, including both entries for immeate consumption; withdrawals from warehouses for consumpon; and the duties collected for the year 1920. It will be seen that e quantity of shell eggs in dozens is about equal to that of the zen or liquid egg albumen, dried whole eggs, and dried egg albuen, and that each of these is greatly exceeded by eggs frozen or herwise prepared or preserved in packages, and of frozen, liquid,

or dried egg yolk. In the case of the eggs frozen there were 9,187,355 pounds valued at $1,503,932, paying a revenue of $183,747, and there was approximately the same amount of frozen, liquid, or dried egg yolks, namely, 9,109,774 pounds, having about twice the value of the frozen whole eggs, or $3,443,048, yielding a revenue more than twice as great as the frozen eggs, of $344,304.

It is clear from these quantities and values that apparently importers find it to their advantage to break and freeze or dry practically all of the eggs and to import them as frozen eggs or as egg yolks, the two principal imported commodities, or in lesser amounts as frozen or liquid egg albumen or dried whole eggs, or dried egg albumen.

Manifestly the tariff duties, if they are to accomplish the purpose intended of protecting the producers in America, and of bringing revenue to the Government, should be placed with special reference to the quantities and values of the egg products as compared to eggs in shell.

Table III shows the amount and source of revenue produced from imported eggs and egg products for the year 1920 from which it will be seen that the total amount of revenue derived was $912,6[illegible] Just how the proposed tariff rates would affect the revenue receipts it is difficult if not impossible to accurately estimate in advance. It would seem reasonable to assume that since it is expected that the proposed rates would not act as an embargo that the increase in the rates might increase the gross income as rapidly as the smaller importations might reduce it, leaving the actual amount of revenue about the same. It would seem that the present low rates are not serving to check imports to any material extent, which would mean that the importer rather than the Government is getting the financial benefits.

Senator LA FOLLETTE. Have those charts been so reduced, Professor, that they can be incorporated in the hearings?

Prof. RICE. They have. In this thesis on the imports and exports of eggs and egg products for the United States you will see practically everything I am going to show you, and there will be additional [illegible] written matter and charts placed at your disposal, so that any members of the committee who desire more detailed information may find it available.

TABLE III.—*Imports of eggs (shell) and egg products entered for consumption [illegible] United States, including both entries for immediate consumption and withdrawals [illegible] warehouses for consumption, with quantities, values, rates, and amounts of [illegible] collected for the year 1920.*

Commodities.	Unit of quantity.	Quantity.	Value.
Eggs in shell	Dozens	1,706,701	$617,909.00
Eggs frozen or otherwise prepared or preserved in packages n. s. p. f.	Pounds	9,187,355	1,503,932.00
Eggs, yolks frozen, liquid or dried	...do	9,109,774	3,443,048.00
Egg albumen, frozen or liquid	...do	3,113,008	[illegible]2,426.00
Eggs (whole) dried	...do	2,719,276	1,351,843.00
Egg albumen, dried	...do	2,719,582	3,041,968.00
Total			10,441,126.00

Figure 4 and Table IV: The way in which importations of eggs nd egg products have increased in recent years is shown graphically in figure 4, which gives the total number of dozens of eggs : their equivalents which have been imported into the United States ich year from 1910–1920, inclusive. This shows that nearly 5,000,000 dozens of eggs or their equivalent in egg products were nported in the calendar year 1920, and that 70,000,000 dozens of ggs, complete or incomplete or equivalents were imported. In lculating egg products into their equivalents in dozens of shell eggs appears that considerable more egg albumen was imported than g yolks, which accounts for the difference between 55,000,000 ozen complete eggs and the 70,000,000 dozens of incomplete eggs.

Figure 5 and Table V show the tariff duties on eggs and egg prodcts and the amounts of exports and imports from 1855 to 1920, om which it will be seen that until the McKinley-Morrill tariff of 890 no duties were levied on eggs or egg products. In the McKinleyIorrill tariff bill occurred a duty on shell eggs of 5 cents per dozen nd on egg yolks of 25 per cent ad valorem. In the Wilson-Voorhees ill of 1894 shell eggs were reduced to 3 cents and egg yolks were duced to 20 per cent ad valorem. In the Dingley-Morrill tariff bill f 1897 shell eggs were increased to 5 cents, egg yolks were advanced 25 per cent ad valorem, and frozen albumen was given a duty of cents per pound. In the Payne-Aldrich tariff of 1909 the previous uties were continued on shell eggs, egg yolks, and frozen albumen, nd in addition dried eggs received 15 cents a pound, and dried lbumen 3 cents per pound. Under the Underwood-Simmons tariff f 1913 the duty was removed from shell eggs and was reduced on egg olks to 10 per cent ad valorem and on frozen albumen to 1 cent, and n dried whole eggs to 10 cents, the duty remaining the same as efore on dried albumen; and for the first time a duty of 2 cents was laced on frozen whole eggs. In this chart it will be seen that for he fiscal year 1920 the total imports of eggs and egg products were 9,250,021 as against exports of $18,933,978 or a balance of trade of 9,683,957.

The next six charts, figures 6 to 11, inclusive, show for each year rom 1910 to 1920, inclusive, the amounts of eggs and egg products mported, as expressed in dozens, pounds, and dollars, and also how the tariff rates and the amounts of revenue derived from these mportations.

Figure 6 shows the imports of eggs in shell bearing a duty of 5 ents per dozen in 1910 to 1913, inclusive, but entered free of duty rom 1914 to 1920, from which it will be seen that by far the largest mportations occurred in 1914 and 1915 of 6,500,907 dozens and 1,058,863 dozens, respectively, and that during the fiscal year 1920 he amount was 1,708,701 dozens. The amount of tariff duty derived n 1913, the last year when a 5-cent duty was levied, was $63,588.

Figure 7 shows the imports of eggs frozen or otherwise prepared r preserved in packages, bearing no duty from 1910 to 1913, inclusive, and 2 cents a pound from 1914 to 1920, inclusive. In the latter year the revenue amounted to $183,747. It will be seen that no importations occurred of frozen whole eggs until 1914 and that the amount ordinarily was in the neighborhood of 2,500,000 pounds for

the years 1914, 1915, 1916, and 1917, but increased to the amount of 9,187,355 pounds in 1920.

Figure 8 shows graphically the imports of frozen or liquid egg albumen which first occurred in 1914 bearing 1 cent per pound duty and increased quite consistently until 1920 when the amount was 3,113,008 pounds valued at $582,426, paying a revenue of $31,1[illegible] for that year.

Figure 9 shows the imports of frozen, liquid, and dried egg yolks bearing a duty of 25 per cent ad valorem from 1910 to 1913, inclusive, and 10 per cent ad valorem from 1914 to 1920, inclusive. The importations were negligible until 1915, from which time they increased rapidly and consistently almost without exception until 1920, when they reached 9,109,774 pounds valued at 3,443,048 and paying a revenue of $344,304.

Figure 10 shows the imports of dried whole eggs which from 1910 to 1913 carried a duty of 15 cents per pound and from 1914 to 1920 of 10 cents a pound. The importations were negligible until 19[illegible] when they were 1,590,563 pounds, amounting to $417,417 and increased steadily until 1920, when they were 2,719,276 pounds amounting to $1,251,843 and paying a revenue of $271,927.

Figure 11 shows the imports of dried egg albumen bearing duty of 3 cents per pound from 1910 to 1920, inclusive. The importations increased very consistently from 699,612 pounds in 19[illegible] to 4,060,360 pounds in 1919 valued at $4,148,522. This amount decreased in 1920 to 2,719,582 pounds valued at $3,041,968, the revenue in 1920 being $81,587.

The total amount of revenue derived each year and for 11 years from 1910 to 1920, inclusive, for eggs and egg products is shown in Table XII. (See p. 2888.)

It is certain that a more equable arrangement of tariff rates would have produced a larger revenue.

The tariff duties which we recommend based on the quantity and money value of the egg products with respect to shell eggs, to be explained later, will, we believe, remedy the defect.

TABLE IV.—*The equivalents in dozens of the imports of eggs (shell) and egg products entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption during the fiscal years 1910–1920, transposed into their equivalent of eggs in dozens.*

[The total quantity of complete and incomplete eggs in shell is determined by taking the total quantity of imports of eggs (shell) and egg products entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption and transposing them into their equivalent of eggs (shell) in dozens by means of "The factors used in transposing egg products into their equivalent of eggs (shell) in dozens."]

	Dozens
1910—Eggs in shell	[illegible]
Egg yolks, frozen or dried	3,1[illegible]
Eggs dried	[illegible]
Egg albumen, dried	4,[illegible]
1911—Eggs in shell	1,[illegible]
Egg yolks, frozen or dried	[illegible]
Eggs dried	[illegible]
Egg albumen, dried	5,[illegible]
1912—Eggs in shell	1,[illegible]
Egg yolks, frozen or dried	[illegible]
Eggs dried	[illegible]
Egg albumen, dried	6,[illegible]

	Dozens.
13—Eggs in shell	1, 271, 765
Egg yolks, frozen or dried	909, 728
Eggs dried	65, 923
Egg albumen, dried	7, 292, 251
14—Eggs in shell	6, 005, 907
Eggs frozen or otherwise prepared or preserved in packages, n. s. p. f	2, 277, 257
Egg yolks, frozen or dried	2, 494, 864
Egg albumen, frozen or liquid	430, 914
Eggs dried	121, 043
Egg albumen, dried	7, 668, 451
15—Eggs in shell	3, 058, 863
Eggs frozen or otherwise prepared or preserved in packages n. s. p. f	2, 421, 339
Egg yolks, frozen or dried	5, 729, 632
Egg albumen, frozen or liquid	1, 157, 194
Eggs dried	99, 368
Egg albumen, dried	6, 443, 637
16—Eggs in shell	733, 313
Eggs frozen or otherwise prepared or preserved in packages n. s. p. f.	3, 230, 321
Egg yolks, frozen or dried	11, 676, 076
Egg albumen, frozen or liquid	2, 409, 284
Eggs dried	126, 727
Egg albumen, dried	9, 746, 916
7—Eggs in shell	1, 103, 187
Eggs frozen or otherwise prepared or preserved in packages n. s. p. f.	1, 867, 350
Egg yolks, frozen or dried	27, 696, 284
Egg albumen, frozen or liquid	4, 962, 877
Eggs dried	5, 169, 320
Egg albumen, dried	15, 569, 758
8—Eggs in shell	1, 619, 259
Eggs frozen or otherwise prepared or preserved, in packages n. s. p. f.	1, 075, 493
Egg yolks, frozen or dried	32, 310, 920
Egg albumen, frozen or liquid	3, 344, 284
Eggs dried	5, 195, 547
Egg albumen, dried	21, 734, 043
9—Eggs in shell	1, 247, 355
Eggs frozen or otherwise prepared or preserved, in packages n. s. p. f.	2, 670, 030
Egg yolks, frozen or dried	24, 951, 388
Egg albumen, frozen or liquid	4, 271, 639
Eggs, dried	8, 590, 731
Egg albumen, dried	23, 686, 085
—Eggs in shell	1, 708, 701
Eggs frozen or otherwise prepared or preserved, in packages n. s. p. f.	7, 901, 125
Egg yolks, frozen or dried	36, 439, 096
Egg albumen, frozen or liquid	5, 167, 593
Eggs, dried	8, 837, 647
Egg albumen, dried	15, 863, 321

LE V.—*Value of exports and imports of egg products and shell eggs in United States.*

EGG PRODUCTS.

Fiscal year.	Exports.	Imports.	Fiscal year.	Exports.	Imports.
		$11, 322	1911	$5, 353	$30, 798
		19, 594	1912	29, 541	4, 430
	$1, 610	246	1913	67, 854	36, 892
	14, 700	6, 869	1914	47, 968	504, 619
	48, 108	25, 795	1915	88, 865	798, 129
	28, 294	22, 781	1916	210, 255	921, 502
	917	37, 036	1917	72, 491	1, 732, 948
	54, 851	10, 992	1918	525, 880	4, 057, 417
	11, 565	10, 616	1919	341, 308	3, 143, 190
	9, 024	10, 845	1920	282, 198	8, 783, 258
	23, 938	6, 232	1921	201, 832	6, 176, 522
	3, 585	56, 121			

TABLE V.—*Value of exports and imports of egg products and shell eggs in Unit[illegible] States*—Continued.

EGGS (SHELL).

Fiscal year.	Exports.	Imports.	Fiscal year.	Exports.	Imp[illegible]
1855	....	$16,555	1889	$75,936	$2.[illegible]
1856	....	58,512	1890	58,675	2.[illegible]
1857	....	88,338	1891	64,259	1.[illegible]
1858	....	72,335	1892	32,374	
1859	....	74,618	1893	33,207	
1860	....	129,260	1894	27,497	
1861	...	158,894	1895	25,317	
1862	....	90,163	1896	48,339	
1863	....	55,068	1897	180,954	
1864		59,980	1898	448,370	
1865		121,252	1899	641,385	
1866		187,494	1900	984,051	
1867		....	1901	676,232	
1868		....	1902	528,679	
1869		[illegible]585	1903	325,571	
1870		[illegible]270	1904	398,408	
1871		[illegible]511	1905	543,398	
1872		[illegible]894	1906	1,[illegible]8,649	
1873		[illegible]850	1907	[illegible]12,789	
1874		[illegible]866	1908	[illegible]10,014	
1875		[illegible]472	1909	[illegible]9,522	
1876		[illegible]393	1910	[illegible]0,486	
1877		[illegible]622	1911	[illegible]7,019	
1878		[illegible]037	1912	[illegible]5,952	
1879		[illegible]735	1913	[illegible]1,653	
1880		[illegible]932	1914	[illegible]4,087	
1881		1,[illegible]067	1915	[illegible]3,764	
1882		1,[illegible]585	1916	[illegible]4,441	
1883		2,[illegible]604	1917	[illegible]8,911	
1884		2,[illegible]360	1918	[illegible]7,134	
1885		2,[illegible]672	1919	1[illegible]4,345	
1886		2,[illegible]454	1920	1[illegible]9,536	
1887		1,[illegible]896	1921	1[illegible]1,061	
1888		2,[illegible]478			

SUMMARY.

1855	....	$16,555	1889	$75,936	$[illegible]
1856	....	58,512	1890	58,675	
1857	....	88,388	1891	64,259	
1858	....	72,335	1892	32,374	
1859	....	74,618	1893	33,207	
1860	....	129,260	1894	27,497	
1861	....	158,844	1895	25,317	
1862	....	90,163	1896	48,339	
1863	....	55,068	1897	190,954	
1864	$38,426	59,980	1898	448,370	
1865	52,090	121,252	1899	641,385	
1866	22,458	187,494	1900	984,091	
1867	11,329	....	1901	677,842	
1868	5,865	....	1902	543,379	
1869	4,055	74,585	1903	378,679	
1870	322	13,270	1904	424,702	
1871	1,428	295,611	1905	514,303	
1872	1,048	649,894	1906	[illegible]	
1873	4,169	683,850	1907	[illegible]	
1874	5,239	747,866	1908	[illegible]	
1875	8,743	600,472	1909	[illegible]	
1876	8,300	630,393	1910	[illegible]	
1877	8,429	617,622	1911	[illegible]	
1878	14,880	726,037	1912	[illegible]	
1879	14,258	646,735	1913	[illegible]	
1880	14,148	901,932	1914	[illegible]	
1881	13,776	1,206,087	1915	[illegible]	
1882	28,262	1,808,585	1916	[illegible]	
1883	75,080	2,677,604	1917	[illegible]	
1884	62,759	2,677,360	1918	[illegible]	
1885	51,832	2,476,672	1919	1[illegible]	
1886	46,105	2,173,454	1920	1[illegible]	
1887	60,686	1,960,896	1921	1[illegible]	
1888	66,724	2,312,478			

...BLE VI.—*Imports of eggs in shell entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouses for consumption, with quantity (dozens), value (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich and Underwood-Simmons tariff.*

...scal year.	Quantity (dozens).	Value.	Duty collected.	Fiscal year.	Quantity (dozens).	Value.	Duty collected.
....	819,976.00	$110,845.00	$40,998.84	1917.......	1,103,187.00	$267,822.00	....
....	1,652,622.57	226,097.25	82,631.15	1918.......	1,619,259.00	483,636.00	....
....	1,089,687.83	150,981.43	54,934.42	1919.......	1,247,355.00	394,629.00	....
....	1,271,765.17	191,713.52	63,588.28	1920.......	1,708,701.00	617,909.00	....
....	6,005,907.66	1,089,166.60	....				
....	3,058,863.00	440,067.00	....	Total.	20,290,637.23	8,002,494.80	$242,152.09
....	733,313.00	110,638.00	....				

...LE VII.—*Imports of eggs, frozen or otherwise prepared or preserved, in packages, n. s. p. f., entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), value (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich tariff and Underwood-Simmons tariff.*

...al year.	Quantity (pounds).	Value.	Duty collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
....	2,647,940	$305,232.00	$52,959.48	1919.........	3,104,687	$519,784.00	$62,093.74
....	2,815,511	198,654.00	56,312.22	1920.........	9,187,355	1,503,932.00	183,747.10
....	3,756,188	248,997.00	75,123.76				
....	2,171,338	178,627.00	43,426.76	Total..	24,933,593	8,109,096.00	498,674.54
....	1,250,574	153,870.00	25,011.48				

...LE VIII.—*Imports of egg yolks, frozen, liquid, or dried, entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), value (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich tariff and Underwood-Simmons tariff.*

...l year.	Quantity (pounds).	Value.	Duty collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
....	777,672	$56,389.00	$14,097.25	1917.........	6,924,071	$1,332,095.00	$133,209.50
....	135,171	15,145.00	3,786.25	1918.........	8,077,730	2,029,420.00	202,942.00
....	89,744	5,833.00	1,458.25	1919.........	6,737,847	2,649,259.00	264,925.90
....	227,457	37,027.00	9,256.75	1920.........	9,109,774	3,443,048.00	344,304.80
....	623,716	153,274.00	15,327.40				
....	1,382,408	257,007.00	25,760.70	Total.	37,005,609	10,351,649.00	1,040,984.00
....	2,919,019	373,152.00	35,715.20				

...LE IX.—*Imports of frozen or liquid egg albumen entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), value (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich and Underwood-Simmons tariff.*

...l year.	Quantity (pounds).	Value.	Duty collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
....	259,587	$44,067.00	$2,595.87	1919.........	2,573,271	$399,643.00	$25,732.71
....	691,081	92,307.00	6,910.81	1920.........	3,113,008	582,426.00	31,130.08
....	1,451,376	201,509.00	14,513.76				
....	2,989,685	316,762.00	29,896.85	Total.	13,090,637	1,886,846.00	130,926.35
....	2,014,620	250,132.00	20,146.29				

TABLE X.—*Imports of dried whole eggs entered for consumption in the United Sta[tes] including both entries for immediate consumption and withdrawals from warehouse [for] consumption with quantity (dozens), value (actual market value or wholesale pri[ce]), and amount of duty collected based upon the Payne-Aldrich and Underwood-Sim[mons] tariff.*

Fiscal year.	Quantity (pounds).	Value.	Duty collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
1910	252	$104.00	$37.80	1917	1,590,563	$417,417.00	[illegible]
1911	6,081	2,372.00	915.15	1918	1,598,630	429,167.00	[illegible]
1912	5,555	2,176.00	833.25	1919	2,643,302	1,562,587.00	[illegible]
1913	20,284	7,537.00	3,042.60	1920	2,719,276	1,251,843.00	[illegible]
1914	37,244	12,336.00	3,724.40				
1915	30,575	10,385.00	3,057.00	Total	8,688,753	3,705,799.00	[illegible]
1916	38,993	9,875.00	3,899.30				

TABLE XI.—*Imports of dried egg albumen entered the United States for consum[ption] including both entries for immediate consumption and withdrawals from wareho[use for] consumption, with quantity (pounds), value (actual market value or wholesale pr[ice]) and amount of duty collected based upon Payne-Aldrich tariff and Underwood-Sim[mons] tariff.*

Fiscal year.	Quantity (pounds).	Value.	Duty. collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
1910	699,612	$268,732.00	$12,254.76	1917	2,669,254	$1,443,936.00	[illegible]
1911	903,504	349,960.00	27,105.12	1918	3,727,936	2,450,143.00	[illegible]
1912	1,040,750	329,732.00	4,994.46	1919	4,060,361	4,148,522.00	[illegible]
1913	1,246,744	406,594.00	37,402.32	1920	2,719,582	3,041,968.00	[illegible]
1914	1,314,684	443,838.00	29,890.00				
1915	1,262,398	402,896.00	37,871.94	Total	21,315,821	18,028,297.00	[illegible]
1916	1,670,996	751,976.00	50,129.88				

TABLE XII.—*Total amount of duty collected on eggs and egg products, United S[tates], fiscal years 1910–1920.*

[Data: Commerce and Navigation, United States, fiscal years 1910-1920, by poultry department, [New] York State College of Agriculture, Cornell University, Ithaca, N. Y.]

Commodities.	1910	1911	1912	1913	1914	[illegible]
Eggs in shell	$40,998.84	$82,631.15	$54,934.42	$63,588.28		[illegible]
Frozen or liquid whole eggs					$52,959.48	[illegible]
Frozen or liquid or dried egg yolks	14,097.25	3,786.25	1,458.25	9,256.75	15,327.40	[illegible]
Frozen or liquid egg albumen					2,595.87	[illegible]
Dried whole eggs	37.80	912.15	833.25	3,042.60	3,724.40	[illegible]
Dried egg albumen	12,254.76	27,105.12	4,994.46	37,402.32	29,980.08	[illegible]
Total	67,388.65	114,434.67	62,220.38	113,289.95	104,587.23	[illegible]

Commodities.	1916	1917	1918	1919	1920	[illegible]
Eggs in shell						[illegible]
Frozen or liquid whole eggs	$75,123.76	$43,426.76	$25,011.48	$62,093.74	$183,747.10	[illegible]
Frozen or liquid or dried egg yolks	35,715.20	133,209.50	202,942.00	264,925.90	344,304.80	[illegible]
Frozen or liquid egg albumen	14,513.76	29,896.85	20,146.29	25,732.71	31,130.08	[illegible]
Dried whole eggs	3,899.30	159,056.30	159,863.00	264,330.20	271,927.60	[illegible]
Dried egg albumen	50,129.88	80,077.62	111,839.94	121,810.83	81,567.46	[illegible]
Total	179,381.90	445,667.03	519,802.71	738,893.38	912,697.04	[illegible]

Perhaps the most important fact that we might set before [...] which might be of assistance in helping us to arrive at a [...] conclusion as to the amount of duty which should be levied

estimate of the cost to produce a dozen eggs in the United States. e have been diligent in trying to arrive at those facts. The best at I can give you at the present time is shown here in the chart, ure 12 [exhibiting chart to the committee].

Every one of the records from New York State are based on a ate college supervised record. These are not individual reports of iat a farmer gives as an opinion or as a guess, but they are based on personally conducted cost-account records, where college exision specialists have visited the farms regularly to supervise the ords.

In undertaking to establish tariff rates based on the difference in cost of production between countries from which imports are eived and in the United States, it is necessary to establish a sound sis for determining the cost of production of a dozen eggs on an erage throughout the year, and for a period of years in the United ates, and what that cost is under normal average conditions.

Figure 12 and Table XIII show the actual cost to produce a zen eggs in the United States during the years of 1914 to 1920, lusive, on 149 farms, representing 105,481 hens. The figures are m actual cost-account records and surveys on farms, principally the States of New York and New Jersey, and including also a farm Kentucky and one in Indiana. Estimates on the cost of egg protion in California and Washington confirm the figures here quoted m the Eastern States, which leads us to believe that the cost of production on the west and east coasts of the United States, luding the cost of marketing, are essentially similar, some of the t account factors being greater in the East and others greater in West. Ths cost in the Middle West and the South probably are ttle cheaper than either the far West or extreme East, on account proximity to cheaper grain and general farm range conditions.

From figure 12 it will be seen that in 1914 it cost $0.317 per dozen New York, and it cost $0.29 for 1915 in New York, and in subsent years the costs were:

Jersey, 1915	$0.293
York:	
1916	.308
1917	.497
1918	.402
1919	.476
1920	.482
tucky, 1920	.411
iana, 1920	.373

t is interesting to observe that the 100 cost-account records and veys representing 79,847 hens in New Jersey gave a cost of $0.293 dozen and in the same year three farms having 3,825 hens in York gave a cost of $0.29 per dozen, showing that data taken impartial observers, and neither aware of the methods employed the other, arrived at essentially the same cost to produce a dozen s in New York as in New Jersey.

From estimates of the costs of egg production in years preceding war which is 25 to 30 cents per dozen, it is reasonable to assume t within a few years the cost to produce a dozen eggs will approach probably will not fall quite as low as the prewar cost. If, theree, we should assume an average cost of 27 to 28 cents per dozen the United States as a whole, we probably would not be far from truth. If we should accept this as out cost basis on which to

place a tariff duty on shell eggs which would serve to equalize the difference between the cost of production here, and in competi countries having lower cost of production, such as the Orient, Au tralia and Argentina, a duty of 8 or even 10 cents per dozen probab would permit eggs costing 15 to 18 cents per dozen, laid down America to be imported. Since it is known that shell eggs are so in America at 15 to 18 cents per dozen with apparent profit to th packers and importers the adding of 8 cents per dozen duty to the c of the imported products would make the total cost 23 to 26 cen per dozen for shell eggs and probably would not result as an emba and stop the importation.

TABLE XIII.—*Cost to produce a dozen eggs (149 farms and 105,481 hens) in United S 1914–1920.*

	1914	1915	1915	1916	1917	1918	1919	1920	[illegible]
Average cost per year to produce a do en eggs	$0.317	$0.290	$0.293	$0.308	$0.497	$0.402	$0.476	$0.482	$0.411
Number of fowls	1,549	3,825	79,847.5	3,366	4,074	6,865	2,211	3,469.5	[illegible]
Number of farms	1	3	100	6	6	15	6	10	1
Authority	C.U.D. F.M.	C.U.D. F.M.	N.J.A. Col.	C.U.D. F.M.	C.U.D. F.M.	C.U.D. F.M. C.U.D. P.H.	C.U.D. F.M.	C.U.D. F.M. C.U.D. P.H.	Ky.A. Col.
State	N.Y.	N.Y.	N.J.	N.Y.	N.Y.	N.Y.	N.Y.	N.Y.	Ky.

Figure 13 and Table XIV show the distribution of cost fac in egg production expressed in the terms of the per cent of e factor to the total cost. These figures are taken from caref kept cost-account records on a large poultry farm in New Y State where 2,000 or more birds are kept. They are for the ye 1914–15 in comparison with the years 1917–18 and 1920–21. Fr these three records it will be seen that the percentage of the costs feed and the total cost of egg production was 58.2, 64.2, and per cent, respectively, averaging 59.5 per cent; and that labor was 17.2, 13.9, and 18.1 per cent, respectively, averaging 16.4 cent. The depreciation of stock over and above the cost of rear for replacement was 13.3, 13.2, and 14.5 per cent, respectively, av aging 13.7 per cent; and the costs due to taxes, insurance, rep and interest were 7.2, 6.2, and 7.8 per cent, respectively, averag 7 per cent for each of the three years, respectively. The small ance of the cost remaining was for marketing, litter, and for mi cellaneous expenses. The two principal factors in the cost of duction, namely, feed and labor, are the two items in particular w are cheapest in our principal competing countries. It is to equal these two particular cost-account factors between the United St and competing countries that the tariff rates which we recomm have been determined.

Senator WATSON. That is all very interesting as showing the of production here. Can you show the cost of production abroad

Prof. RICE. I have been unable to do so. I am in personal cor spondence with two or three friends in China, who are teachers missionaries there, and Government service men, and none of t can give me anything like actual cost-account records. Chickens China are almost all in small flocks, of only 10 to 15 or 25 bir They are smaller flocks by a good deal than the average in this coun

d most of the eggs produced are sold, because they are a cash-oducing commodity, and they use their money to pay taxes and purchase rice and other cheaper food to eat.

The question of importance of dressed poultry importation is ite as serious in its way as the egg and egg-product importation. iave positive information that some of the big capitalists in this intry are building modern establishments for crate fattening ckens in China, as we have in the United States. They have ed as good an expert as can be found in the United States. He s been there for several years to develop that business.

We also have information that American capitalists are equally icerned in and are hunting for people to go to Argentina, for the son that they find it more profitable to use their American capital buy, and fatten, cheap Chinese and Argentine chickens with eap oriental and South American feed, and to buy and freeze d dry eggs and ship them into this country, than they do to employ nerican labor to produce those things in the United States.

TABLE XIV.—*Cost factors in egg production.*

[Expressed in terms of per cent of each factor to total cost.]

	1914–15	1917–18	1920–21	Average.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*
d	58.2	64.2	56.3	59.5
r	17.2	13.9	18.1	16.4
eciation of stock over and above the cost of rearing for replacement	13.3	13.2	14.5	13.7
es, insurance, repairs, and interest	7.2	6.2	7.8	7.0
keting	2.0	1.1	2.1	+ 1.7
er	1.9	1.1	1.0	+ 1.3
cellaneous	.2	.3	.2	+ .2
Total	100.00	100.00	100.00	....

We want to come close to home and see what the poultry situation in the United States. Instead of using, as I could have done, the ap showing the total amount of eggs produced and consumed in e United States, by States, I thought it would be more instructive show the States that have an excess production, and the States at have an excess consumption, and the amounts.

Senator WATSON. When you subtract one from the other what do u get?

Prof. RICE. We show only the excess. This map, figure 14, shows ly the quantity after the total production of each State has been btracted from the total consumption to get the excess consumed, after the total consumption is subtracted from the total production get the excess production as the case may be.

We have seen that the United States produces more eggs than are nsumed. It is important to know which States are producing ore eggs or less eggs than they eat, and why. For this purpose ure 14 and Table XV have been prepared, showing graphically e excess production over consumption or excess consumption over oduction in various States. It will be seen from this study that e States of Wisconsin, Iowa, Illinois, Indiana, Missouri, Kansas, ebraska, South Dakota, North Dakota, Minnesota, Oklahoma, ennessee, Arkansas, Kentucky, Ohio, Montana, Idaho, Delaware, irginia, Wyoming, and the three Pacific Coast States, Washington,

Oregon, and California, produce more eggs than they consume. The great proportion of excess production is in the Middle West grain-growing section. Whereas, all of the New England States, and the Middle and South Atlantic States with the exception of Virginia and Delaware, of the East South Central States Alabama and Mississippi, and of the West South Central States Louisiana and Texas, of the mountain States Colorado, New Mexico, Arizona, Utah and Nevada, and Michigan among the North Central States consume more eggs than they produce. The excess consumption of the New England and the Middle Atlantic States is due primarily to the large population in the great industrial centers in proportion to the amount of productive farm land, whereas the excess consumption in the Southern States is due to the lack of diversified farming on account of specialization in cotton or some other farm crops.

Whatever the causes may be for failure to produce enough eggs to meet the needs of the State, it is clear to persons familiar with farming conditions that they are sufficiently well adapted to the efficient production of poultry and eggs to fully or more nearly meet the needs of these sections, provided the equitable tariff rates representing the difference in the cost of production in the United States and the Orient were to be placed on the importation of eggs and egg products.

If any State because of climatic or farm conditions can not produce eggs and poultry economically, other States more fortunately situated in this particular respect can be counted upon to supply the demand without importing poultry products from any country at any time. We can produce these products and deliver them as economically as any other country except for the factor of labor as applied directly to poultry or indirectly to the growing of the feed or manufacture of accessories or transporting and marketing of the products, all of which involve the employment of labor in our own country, which is entitled to receive the same protection as poultry men. The tariff rates which we urge are intended to represent the differences in labor costs of all the factors that enter into the production of poultry and of eggs and egg products, and placing them on the markets in America as compared to a similar or inferior quality imported from competing countries.

The figures showing estimates of consumption and production are based on our own calculations from figures of population and dozens of eggs produced as shown by the last census in 1919, and assume the same average consumption per capita of eggs in each State according to the average of 15.41 dozens of eggs per capita consumption for the United States, or 181 eggs per capita, which is approximately one-half egg per person per day.

Some of the more striking results in excess production over consumption are: Iowa, 83,434,993 dozens; Missouri, 64,440,716; Kansas, 48,713,133; Indiana, 37,680,248; whereas New York has an excess consumption of 98,795,857 dozens; New Jersey, 35,636,[illegible]; Massachusetts, 50,107,244; and Pennsylvania, 59,162,092.

Senator CALDER. Do I understand from this map that Kansas produces 48,000,000 dozens more eggs than she consumes?

Prof. RICE. Yes; Kansas produces 48,713,133 dozens more eggs than she consumes according to our own calculation, using United States Government figures of population and dozens of eggs produced.

Senator CALDER. And New York consumes 98,000,000 more than e produces?

Prof. RICE. Yes; to be exact, 98,795,857 dozens.

The CHAIRMAN. What are the figures for Pennsylvania?

Prof. RICE. Pennsylvania consumes 59,162,092 dozens eggs more in Pennsylvania produces, and yet Pennsylvania is the sixth in ik as an egg-producing State, exceeded only by Iowa, 120,697,319 tens; Missouri, 117,203,569 dozens; Illinois, 105,757,907 dozens; io, 102,377,143 dozens; and Kansas, 76,136,616 dozens of eggs in 19.

Senator SMOOT. Professor, did I understand you to say that we did produce enough eggs in the United States to feed the people of United States?

Prof. RICE. We are producing an excess; that is to say, the im-tations into this country are not so great as the exportations, and ports mean surplus.

Senator SMOOT. The importations are about one-seventh of 1 per it. Our exports are nine times as great as our importations.

Prof. RICE. My figures would not show it as great as that.

Senator SMOOT. I have got the figures here. I will take it first, if u want to, for the first nine months of this year. We exported 195,247 dozen eggs, valued at $6,735,772; we imported during the ne period but 2,707,923 dozen eggs, at a valuation of $794,352.

Senator MCCUMBER. It is admitted we produce more than we con-ne in the United States.

Prof. RICE. I think possibly the place where we differ is this: That se you are quoting perhaps allude strictly to shell eggs; the figures ave in mind are the entire quantity and value of the egg products d shell eggs combined.

Senator SMOOT. That does not make a particle of difference. If u want me to, I will quote those to you. So it makes no difference her way you go.

Senator WATSON. I understand, then, your contention to be that n though we have an excess production over consumption, and n though we export more than we import, throwing a small ount at a lower price on a glutted market would have a tendency decrease the price of the whole.

Prof. RICE. There is no doubt about it, and certainly we can not away from the fact that when those millions of dollars' worth of se cheap Chinese products are dropped into this country under se circumstances they tend to reduce the price and displace the ne amount of the American product. If our markets are already l they have to overflow somewhere and are exported.

We believe that the way to settle this question is to put an effective iff duty—our people have said 8 cents; I think that it ought to be her. We believe that 8 cents or even 10 cents will still allow eggs come in and will safeguard our consumers against monopoly. The ly monopoly is where somebody buys or makes and holds products sufficient quantity to manipulate the markets. The farmers can t do that with eggs and poultry, as they are the ones who do the oducing. There are too many of them and their products are too iversally produced to be controlled by the growers. We believe at there will be a tendency for a little higher price for a season or so th an equitable tariff on poultry and poultry products and will

produce enough more profit for a little while to stimulate other peopl[e] in America to produce more eggs and poultry, because the chicke[n] business is sensitive to economic changes, as I shall show later. I[t] will stimulate poultrymen in Massachusetts or Mississippi, for examp[le] to fill up their empty henhouses, or to put up another henhouse, or w[ill] induce others to go into the chicken-raising business who will prod[uce] eggs in this country at a price that will be just as fair in the end t[o] the consumer as it would be if we had allowed our henhouses to [lie] idle while a certain proportion of our eggs and egg products w[ere] being produced in Arentina and China.

TABLE XV.—*Excess production or consumption of eggs by States, 1919.*

[Per capita consumption of eggs in the United States in 1919 was 15.41 dozens, or 186 eggs, appro[x] one-half egg per person per day. Estimated State consumption is average per capita consu[mption] multiplied by State population. Difference between estimated consumption and actual, or consum[ption] data, from 1920 census of Population and Agriculture.]

State.	Production.	Consumption.	Excess consumption.	Excess production.
New England States:				
Maine	9,977,349	11,904,217	1,926,868	......
New Hampshire	5,005,302	6,867,787	1,862,485	......
Vermont	5,166,689	5,462,634	295,945	......
Massachusetts	9,604,274	59,711,518	50,107,244	......
Rhode Island	1,536,858	9,368,154	7,831,296	......
Connecticut	6,341,424	21,399,781	15,058,357	......
Middle Atlantic States:				
New York	62,175,162	160,971,019	98,795,857	......
New Jersey	13,280,104	48,916,450	35,636,346	......
Pennsylvania	75,998,172	135,160,264	59,162,092	......
East North Central States:				
Ohio	102,377,143	89,270,607	......	[illegible]
Indiana	83,101,293	45,421,045	......	[illegible]
Illinois	105,757,907	100,521,840	......	[illegible]
Michigan	55,986,999	5[illegible],8[illegible]0,386	873,387	......
Wisconsin	53,222,114	40,797,039	......	[illegible]
West North Central States:				
Minnesota	60,249,543	37,000,435	......	[illegible]
Iowa	120,697,319	37,262,326	......	[illegible]
Missouri	117,203,569	52,762,853	......	[illegible]
North Dakota	20,820,407	10,026,516	......	[illegible]
South Dakota	30,419,957	9,866,479	......	[illegible]
Nebraska	49,132,537	20,093,766	......	[illegible]
Kansas	76,136,616	27,423,484	......	[illegible]
South Atlantic States:				
Delaware	3,908,463	3,456,547	......	[illegible]
Maryland	15,085,681	22,469,746	7,384,055	......
District of Columbia	42,932	6,782,352	6,739,419	......
Virginia	36,551,269	35,792,399	......	[illegible]
West Virginia	21,708,279	22,687,367	979,087	......
North Carolina	24,841,021	39,666,407	14,825,386	......
South Carolina	12,812,143	26,097,722	13,285,579	......
Georgia	23,181,939	44,885,396	21,703,457	......
Florida	6,530,563	15,011,285	8,480,722	......
East South Central States:				
Kentucky	42,224,720	37,457,765	......	[illegible]
Tennessee	48,707,146	36,237,219	......	[illegible]
Alabama	23,436,979	36,396,697	12,959,718	......
Mississippi	23,783,265	27,754,579	3,971,314	......
West South Central States:				
Arkansas	28,168,285	27,159,162	......	[illegible]
Louisiana	13,136,046	27,876,890	14,740,844	......
Oklahoma	45,440,017	31,438,387	......	[illegible]
Texas	70,625,008	72,280,034	1,655,026	......
Mountain States:				
Montana	11,858,042	8,507,780	......	[illegible]
Idaho	10,391,962	6,693,923	......	[illegible]
Wyoming	3,171,951	3,013,231	......	[illegible]
Colorado	14,172,375	14,564,250	391,875	......
New Mexico	3,062,790	5,585,456	2,522,666	......
Arizona	2,524,832	5,179,511	2,654,679	......
Utah	5,709,076	6,965,638	1,256,562	......
Nevada	895,487	1,199,809	304,322	......
Pacific States:				
Washington	21,356,576	21,027,628	......	[illegible]
Oregon	12,142,530	14,625,720	......	[illegible]
California	64,123,885	53,116,346	......	[illegible]

Our argument is that we believe with proper duty those things can : produced here as economically as our standards of living will stify.

One of the features that I hope I can make clear is that the poultry dustry, more than any other branch of agriculture, is sensitive to onomic conditions. The poultry industry can go in or go out in ro years' time to such an extent that it will materially change pro- iction and values in this country.

Senator WATSON. You say the economic conditions are responsible r those fluctuations. To what extent did imports influence those?

Prof. RICE. I am very glad you asked the question, because as we id that the psychology of the situation has a very important effect— at is to say, when we learn of shiploads or large cargoes of the shell gs or frozen eggs or dried eggs coming into the market—it will imme- ately affect the sale of those commodities in the large markets, and would expect to see a drop in the market prices. I have frequently me into the large markets and have seen those Chinese eggs and -products sold, and have heard the merchants arguing for a lower ice on eggs because of the competition with the lower priced foreign oducts. Contracts are made and shipments arriving on falling arkets tend to further depress them.

The word "dumping," as you understand it, might not apply, but comes pretty close to it. They are dumping onto the American arkets large quantities of Chinese eggs and egg products, as we can ow, in the spring of the year on a falling market, and that has a ndency to lower the price of eggs throughout the entire United ates because local prices are governed by market quotations in large ies.

This works to the advantage of the men engaged in cold storage, ving taken advantage of their ability to influence the market if ey wanted to.

I think, my friends, one of the best things that we can do is to make impossible for that thing to take place, to manipulate the market.

Senator LA FOLLETTE. Have they not the power to manipulate at market regardless of the importation?

Prof. RICE. Yes, sir; I think so, and more than that, perhaps you e already familiar with the fact—if you are not you can verify y statement—eggs are gambled in the New York and Chicago te wheat, sold on futures and sold over and over again, and some- dy has to pay the bill.

Senator LA FOLLETTE. With what result on the price?

Prof. RICE. Of course, the tendency will be to widen the spread tween the price received by the producer and the consumer. his will lessen consumption and eventually the shock will fall upon e one at the bottom, the man on the land When you lower the ice received by the producer, you decrease the number of eggs in cubators and thus decrease the next years' production of eggs and e consumer suffers.

What I want to make clear, gentlemen, is this: That if it is true, we maintain, first, that America has the soil and the climate, e educated farmers and the conditions to produce eggs and chickens onomically, to sell to our own people. Whenever you allow eggs come in to this country at those lower prices it displaces just that nount of the American product and the American producer will go

out or go in to the poultry business according to the law of supply and demand. It is conspicuously true that there are many empty henhouses and houses not filled to capacity because the poultry industry has not yet come back since the decline during the war. In many States they are not producing as many eggs as they did 1[?] years ago.

Figures 15 to 24 and Table XVI: Until one carefully considers item by item the value of the products produced in the United States, he does not fully realize the great importance of the poultry industry. By comparing the value of the eggs produced and chickens reared annually in the various States with the value of some of the other principal agricultural products he is surprised to find that what appears to be small as a single farm unit becomes of great size in the aggregate for each State and for the United States. This is because poultry is so universally kept on farms. Farms reporting poultry kept far exceed those of any other kind of live stock, except horses and mules, the last census showing that 89 per cent of farms reported chickens.

The statistics which we have prepared deal exclusively with the production of eggs and chickens of the domestic fowl on farms and does not include the production of any other kind of poultry, such as turkeys, ducks, geese, pigeons, and the like, which, if included would have increased the figures about 6.4 per cent, and does not include the vast number of chickens reared and eggs produced in villages and in cities. Since the Government statistics include only poultry kept on farms of 3 acres or more,[1] this alone would greatly increase the value of the products to be credited to the poultry industry. Notwithstanding these omissions the figures will, I am sure, surprise nearly every one who has not given the subject careful thought. They show that not only are more persons directly engaged in the keeping of poultry than in any other kind of live-stock production or other single agricultural crop, but that the production's annual value greatly exceeds that of many of the agricultural products which we have been accustomed to give major consideration in the matter of legislation or research and education. In order that the figures may be more understandable, graphs have been made of two or more States in each of the geographical sections as defined by the Bureau of the Census of the United States to show the value of eggs produced and chickens reared, dairy products, wool, fruits, wheat, oats, corn, potatoes (white and sweet). It is to be regretted that statistical data is not yet available for all of the States, some of the more important of which we would like to have included in the presentation.

New England States: In the geographical regions in the regular order, published by the Government, we find that the three New England States, for example, Massachusetts shows a value for eggs produced and chickens reared of $9,004,007; Connecticut, $5,876,[?]; and New Hampshire, $4,341,810. These figures exceeded in value the wool, the wheat, the oats, the corn, and the potatoes, respectively, and in the case of Connecticut and New Hampshire exceeded [?]

[1] The enumerator must not report as a "farm" any tract of land less than 3 acres, unless there were produced on such tract products to the value of $250 or more, or unless it required the continuous services of at least one person. (Instructions to census takers, 1919.)

ılue of all of the fruits and, for products compared, was exceeded ıly by the value of the dairy products.

Middle Atlantic States: In the case of New York the value of the ;gs produced and the chickens reared was $42,841,499, which exeded by far the wheat, which was $20,556,621, or the oats, which as $21,595,461, or the corn, $24,691,113, and the wool, $1,976,986. ıe value of the chickens reared and the eggs produced nearly ıualed all of the fruits, which were valued at $51,519,503. In New rsey the value of the total of eggs produced and the chickens reared ıs $12,200,716 and exceeded the wheat, which was $3,087,324, oats .403,453, wool $32,020, and all fruits $11,809,078.

East North Central States: In the great diversified agricultural States Ohio, Indiana, Wisconsin, Michigan, and Illinois we find a large delopment of the poultry industry. In the case of Ohio, the value the chickens reared and eggs produced, which was $64,109,133, far ceeded the value of wool, which was $10,074,579; of all fruits 5,172,769, oats $39,795,590, and potatoes $18,186,036, but was s than the dairy products, which included milk, cream, and butter t sold and butter and cheese made, $81,148,586, whereas in diana the value of eggs produced and chickens reared was $52,765,-0, which exceeded the value of the dairy products, which was 4,072,646, all of the fruits, $4,842,535, and wool, $21,319,545. The ılue of the eggs produced and chickens reared in Wisconsin was 0,288,326, which exceeded in value the wool, which was $1,691,728; fruits, which was $5,043,189, and wheat $16,489,016. In Illinois ickens reared and eggs produced was $67,690,085, and exceeded in ılue the wool, which was $2,217,103; all fruits, which was $14,572,750, ıd was nearly equal to the dairy products, which had a value of 1,998,333.

West North Central States: The study of the value of the eggs proıced and chickens reared in 1919 in the great grain-growing and ock-producing section of the Middle West, shows the great imporınce of the domestic fowl in the production of human food. For exıple in Iowa eggs produced and chickens reared were valued at 0,212,544, which exceeded the value of the dairy products, which ıs $55,408,744, and vastly exceeded the value of the wool, which was ,762,486; of all fruits, which was $7,056,389; and the wheat, 4,479,372. In Minnesota the value of the eggs produced and ickens reared was $33,438,496, which exceeded the wool, which was ,557,736; of all fruits, $3,145,513. North Dakota showed a value eggs produced and chickens reared, which was $16,486,386; nearly ıual to the value of the dairy products, which was $19,576,343; and ceeded the wool, which was $913,176; of all fruits, which was 4,880; and corn, $5,427,636; and white potatoes, which was 0,142,747. Kansas had a value of eggs produced and chickens ared annually of $44,199,844, whereas the dairy products were ılued at $34,920,619; wool, $1,017,405; all fruits, $6,349,662; potaes, $8,005,316; and oats, $29,005,885.

Missouri, next to Iowa in value of eggs produced and chickens ared, was $66,271,029, which exceeded in value the dairy products, hich was $34,752,845; wool, $4,161,236; and all fruits, $18,454,698.

South Atlantic States: Take for example North Carolina: The ılue of eggs produced and chickens reared was $20,406,603; Georgia,

$26,218,622; Virginia, $25,137,968, which exceeded the value in each State of the dairy products, which was, for North Carolina, $14,912-137; for Georgia, $16,757,195; for Virginia, $19,167,935. And for all fruits for North Carolina, $6,554,397; for Georgia, $10,935,703; for Virginia, $17,770,660.

East South Central States: It will be seen by comparing the value of the eggs produced and chickens reared in Kentucky, $26,210,[illegible]; Tennessee, $29,065,336; and Mississippi, $15,132,499; that in each instance they exceeded in value the dairy products which were Kentucky, $22,487,710; Tennessee, $20,640,849; Mississippi, $11,772,201; and also exceeded in these States the value of the wool and all fruits, the wheat, and the oats, respectively.

West South Central States: The value of eggs produced and chickens reared in Oklahoma was $28,634,007; Arkansas, $16,245,1[illegible]; Louisiana, $8,835,402; and also these products exceeded in each instance the value of the wool; and in Louisiana and Oklahoma exceeded all fruits; in Arkansas and Louisiana exceeded wheat and the oats.

Mountain States: The value of the chickens reared and eggs produced in Colorado, $8,773,648, exceeded in value wool, which was $4,877,656; and all fruits, $8,757,678; and oats, $4,308,752. In Idaho chickens reared and eggs produced were valued at $5,673,217 and exceeded the value of the oats and corn combined. In Utah chickens reared and eggs produced had a value of $2,887,510 and exceeded in value the oats and the corn combined.

Pacific States: In the case of the three Pacific Coast States, the value of eggs produced and chickens reared in 1919 was for Washington, $13,779,958; for Oregon, $9,018,444; for California, $40,341,744. In the State of Washington the value of eggs produced and chickens reared exceeded the value of the wool, which was $2,254,025; the potatoes, $12,320,093, and the corn and oats combined. In Oregon the value of the chickens reared and eggs produced exceeded the value of the wool, which was $8,019,524; the potatoes, $7,433,878, and the corn and oats combined. In California the eggs produced and chickens reared was higher than the value of the wool, which was $6,695,461; the wheat, $36,938,477; the corn, $5,862,3[illegible]; the potatoes, $20,896,048; and more than four-fifths the value of the dairy products, which were $55,642,629.

From this brief consideration of the value of the chickens reared and eggs produced in comparison with some of the principal products which they closely approached or exceeded in value, one can not escape the conclusion that the poultry industry, because of its size as well as the importance of the products which it contributes to the nourishment and health of the Nation, is entitled to the same consideration in the framing of a tariff law that is given to other agricultural or industrial products.

TABLE XVI.—*Value of some agricultural products produced in 1919.*

ata: Fourteenth Census of the United States, 1920—Agriculture. Prepared by poultry department. New York State College of Agriculture, Cornell University, Ithaca, N. Y.]

MIDDLE ATLANTIC STATES.

Products.	New York.	New Jersey.
gs	$31,087.581	$7,304.051
ickens reared	11,753.918	4,896,659
Total (eggs produced and chickens reared)	42,841.499	12,200,716
iry products	179,695.810	19,198,718
ol	1,976,986	32,020
fruits	51,519,503	11,809,078
eat	20,556,621	3,087,324
ts	21,595,461	1,403,453
rn	24,691,113	14,480,577
tatoes (Irish or white and sweet)	69,815,841	25,304,847

NEW ENGLAND STATES.

Products.	Massachusetts.	Connecticut.	New Hampshire.
gs	$6,050,693	$3,804,854	$2,853,022
ickens reared	2,953,314	2,071,830	1,480,788
Total (eggs produced and chickens reared)	9,004,007	5,876,684	4,341,810
iry products	224,765,552	14,923,971	10,224,888
ol	55,666	31,153	2,605,103
fruits	9,811,540	3,835,471	95,392
eat	76,484	117,741	50,526
ts	302,276	309,803	485,367
rn	2,880,274	3,815,615	844,793
tatoes (Irish or white)	4,619,855	3,363,258	2,952,351

EAST NORTH CENTRAL STATES.

Products.	Ohio.	Indiana.	Illinois.	Michigan.	Wisconsin.
gs	$42,998,400	$32,409,504	$40,188,005	$23,514,540	$20,224,403
ickens reared	21,110,733	20,356,466	27,502,080	11,446,231	10,063,923
Total (egg produced and chickens reared)	64,109,133	52,765,970	67,690,085	34,960,771	30,288,326
iry products	81,148,586	44,072,646	71,998,333	62,783,113	180,306,599
ol	10,074,579	21,319,545	2,217,103	4,622,979	1,691,728
fruits	15,172,769	4,842,535	14,572,750	26,129,793	5,043,189
eat	177,873,574	98,101,056	155,960,014	45,722,488	16,489,016
ts	39,795,590	42,023,780	103,283,734	31,412,962	58,051,788
rn	217,274,709	229,975,713	413,751,746	67,633,385	64,593,729
tatoes (Irish or white and sweet)	18,186,036	6,547,749	12,615,616	49,057,426	60,664,851

WEST NORTH CENTRAL STATES.

Products.	Minnesota.	North Dakota	Iowa.	Missouri.	Kansas.
gs	$21,689,835	$7,078,938	$42,244,062	$42,193,285	$26,647,816
ickens reared	11,748,661	3,407,448	27,968,482	24,077,744	17,552,028
Total (eggs produced and chickens reared)	33,438,496	10,486,386	70,212,544	66,271,029	44,199,844
iry products	77,870,358	19,576,343	55,408,744	34,752,845	34,920,619
ol	1,557,736	913,176	3,762,486	4,161,236	1,017,405
fruits	3,145,513	94,880	7,056,389	18,454,698	6,349,662
eat	88,398,508	147,696,970	44,479,372	140,202,501	320,707,580
ts	66,831,124	24,235,260	140,284,289	32,394,961	29,005,885
rn	110,221,931	5,427,636	501,339,232	12,239,389	86,593,760
tatoes (Irish or white and sweet)	57,384,117	10,142,747	11,437,463	219,513,084	8,005,316

TABLE XVI.—*Value of some agricultural products produced in 1919*—Continued.

SOUTH ATLANTIC STATES.

Products.	Virginia.	North Carolina.	Georgia.
Eggs	$15,351,533	$10,433,229	[illegible]
Chickens reared	9,786,435	9,973,374	[illegible]
Total (eggs produced and chickens reared)	25,137,968	20,406,603	[illegible]
Dairy products	19,167,935	14,912,137	[illegible]
Wool	912,065	184,843	[illegible]
All fruits	17,770,660	6,554,397	[illegible]
Wheat	26,783,702	11,861,354	[illegible]
Oats	2,154,475	1,838,447	[illegible]
Corn	78,260,514	18,218,058	[illegible]
Potatoes	36,549,587	79,946,722	[illegible]

EAST SOUTH CENTRAL STATES.

Products.	Kentucky.	Tennessee.	Mississippi.
Eggs	$15,200,899	$18,021,644	[illegible]
Chickens reared	11,009,860	11,043,692	[illegible]
Total (eggs produced and chickens reared)	26,210,757	29,065,336	[illegible]
Dairy products	22,487,710	20,640,849	[illegible]
Wool	1,770,745	731,123	[illegible]
All fruits	4,989,367	7,888,912	[illegible]
Wheat	22,929,042	14,506,174	[illegible]
Oats	2,931,018	2,534,082	[illegible]
Corn	125,157,359	187,150,649	[illegible]
Potatoes	110,422,855	11,787,079	[illegible]

WEST SOUTH CENTRAL STATES.

Products.	Arkansas.	Louisiana.	Oklahoma.
Eggs	$10,140,583	$4,991,697	[illegible]
Chickens reared	6,104,519	3,843,705	[illegible]
Total (eggs produced and chickens reared)	16,245,102	8,835,402	[illegible]
Dairy products	13,445,124	4,509,985	[illegible]
Wool	176,060	205,239	[illegible]
All fruits	19,375,227	3,054,854	[illegible]
Wheat	4,266,922	3,113,603	[illegible]
Oats	2,703,753	538,318	[illegible]
Corn	61,608,482	36,848,526	[illegible]
Potatoes (Irish or white and sweet)	11,346,032	10,923,041	[illegible]

MOUNTAIN STATES.

Products.	Colorado.	Idaho.	Utah.
Eggs	$5,668,950	$4,052,865	[illegible]
Chickens reared	3,104,698	1,620,352	[illegible]
Total (eggs produced and chickens reared)	8,773,648	5,673,217	[illegible]
Dairy products	12,674,036	8,085,646	[illegible]
Wool	4,877,656	8,751,658	[illegible]
All fruits	8,757,678	8,673,530	[illegible]
Wheat	37,616,960	66,648,087	[illegible]
Oats	4,308,752	3,222,592	[illegible]
Corn	14,147,875	1,088,972	[illegible]
Potatoes (Irish or white and sweet)	19,537,004	13,546,796	[illegible]

TABLE XVI.—*Value of some agricultural products produced in 1919*—Continued.

PACIFIC STATES

Products.	Washington.	Oregon.	California.
Eggs	$10,037,591	$6,435,317	$31,420,704
Chickens reared	3,742,361	2,583,127	8,921,040
Total (eggs produced and chickens reared)	13,779,952	9,018,444	40,341,744
Dairy products	27,620,231	17,651,409	55,642,649
Wool	2,254,025	8,019,524	6,695,461
All fruits	51,662,307	20,373,412	770,910,698
Wheat	91,206,642	41,201,480	36,938,477
Oats	8,073,481	7,939,537	2,966,776
Corn	1,623,433	1,396,959	5,862,388
Potatoes (Irish or white)	12,320,093	7,433,878	20,896,048

Figure 25 and Table XVII: It is a significant fact, which we should take seriously into consideration, that the population of the United States is increasing more rapidly than is egg production. The statistics of human population, as shown by the last census in 1919, was 105,710,620, and in 1909 it was 91,972,226, an increase of 13,738,354, which is 14.9 per cent increase. In 1919 the eggs produced was 1,656,267,200 dozen, as compared to 1,574,979,416 dozen eggs for 1909, or an increase of 81,287,784 dozen eggs, or 5.14 per cent increase during the 10-year period.

Not only has our population increased more rapidly than has egg production, but other statistical studies which we have made show that consumption of eggs per capita has materially decreased during the 10 years between the Thirteenth and Fourteenth Census periods. Our estimates from the Thirteenth Census figures, 1909, was an average consumption of 17.31 dozen eggs per capita. In the Fourteenth Census it was 15.41 dozen eggs per capita, a decrease of 1.9 dozen, or 21 eggs per capita. For the United States this would mean a reduction of 200,850,178 dozen eggs consumed, or 10.9 per cent. This reduction in the number of eggs consumed would be nearly equal to the combined egg production in 1919 of the States of Ohio and Illinois.

The inevitable conclusion from these two facts is that the United States, with all of its natural advantages for efficient production of poultry and eggs, is finding it more profitable to produce other products or to engage in other occupations. Otherwise our production would increase with our population, because there is an abundance of land, building materials, equipment, labor, and other factors for the successful and economical production of eggs.

The comparatively small increase in eggs produced and lower egg consumption per capita is undoubtedly due to the unfavorable conditions for the development of the poultry industry, largely as a result of the World War. Taking into consideration the United States as a whole, particularly in those sections very far remote from the large grain growing areas, the poultry industry suffered a serious decline during the war. Figure 30 shows in two parallel columns graphically the number of dozen eggs produced in 1909 as compared to 1919 for each State. Those on the left are the States showing increases in dozen eggs produced during the 10-year period, while those on the right show a decrease in dozen eggs produced.

These show conspicuously that all of the New England Stat- Maine, New Hampshire, Vermont, Massachusetts, Rhode Island. and Connecticut, and the Middle Atlantic States, New York and New Jersey, with the exception of Pennsylvania, were producing less eg- when the census was taken in 1919 than they were 10 years befor- The other States showing a decrease were: Michigan, Kansas, Dela- ware, Maryland, District of Columbia, Kentucky, Louisiana, and Texas. In Kansas, for example, there was a decrease from 81,987,- to 76,136,616, or 4,951,073 dozens, or 6.49 per cent, while there wa- an increase in population from 1,690,949 to 1,769,257, or 78,30- 4.63 per cent. In Texas there was a decrease in egg production fr- 77,377,977 dozen to 70,625,008 dozen or 6,752,869 dozen, or 9.- per cent. During the same length of time there was an increa- population from 3,896,542 to 4,663,228, or 766,686, or 19.21 per ce-

It will readily be seen that the conspicuous increases in producti- occurred in the large grain-growing sections in the Middle West and including the North Central States and also the Pacific Coast Stat- Iowa shows an increase in egg production of from 108,662,88- to 120,697,319, or 12,034,437 dozen, or 11.08 per cent, while the popula- tion increased from 2,224,771 to 2,404,021, or 179,250, or 8.10 pe- cent. California showed the largest increase in the production fro- 40,735,238 dozen to 64,123,885 dozen, or 24,388,647 dozen, or 59.- per cent, while the human population increased from 2,377,54- to 3,426,861, or 1,059,312, or 44.13 per cent.

Pennsylvania is a conspicuous example of a State that made a s- sational increase in human population and only a very slight incre- in the dozens of eggs produced, namely, an increase in populati- from 7,665,111 to 8,720,017, or 1,054,906, or 13.76 per cent, and a- increase in production from 73,683,489 dozen to 75,998,172 doz- or 2,314,683 dozen, or 3.14 per cent. As examples of States th- showed a large increase in population and a material decrease in eg- production are New York, Massachusetts, Connecticut, New Jers- Michigan, and Texas. For example, in New York there was a- increase in human population of from 9,113,614 to 10,385,227 - 1,271,613, or 11.39 per cent, and the reduction in the dozens of eg- produced, 71,191,449 to 62,175,162, or 9,016,287 dozen, or 1- per cent. Estimates that we are able to make of the decrea- poultry population on account of war conditions show an estima- decrease of one-third to one-half of the total poultry populatio- some of the New England and Middle Atlantic States. Thus it w- be seen that in these States the poultry population before the w- has not been fully restored.

Are we not under national obligation to enact such tariff legis- tion as may be necessary to make it easier for our own people in a- of the States to return to normal conditions, and to make su- profits as will enable them to produce eggs and poultry to sell dire- from the American farms to American consumers?

ABLE XVII.—*Population and egg production of United States, 1919–1909—States showing increase and decrease.*

Geographic division.	Dozens of eggs produced, 1919.	State population, 1919.	Dozens of eggs produced, 1909.	State population, 1909.
England States:				
laine	[1] 9,977,349	768,014	14,676,215	742,371
New Hampshire	[1] 5,005,302	443,083	7,409,472	430,572
Vermont	[1] 5,186,689	352,428	77,001,897	355,956
Massachusetts	[1] 9,604,274	3,852,356	14,145,240	3,366,416
Rhode Island	[1] 1,536,868	604,397	2,962,946	542,610
Connecticut	[1] 6,341,424	1,380,631	8,497,812	1,114,756
le Atlantic States:				
New York	[1] 62,175,162	10,385,227	71,191,449	9,113,614
New Jersey	[1] 13,280,104	3,155,900	14,690,830	2,537,167
Pennsylvania	75,998,172	8,720,017	73,683,490	7,665,111
North Central States:				
Ohio	102,377,143	5,759,394	100,284,261	4,767,121
Indiana	88,101,293	2,930,390	80,626,638	2,700,876
Illinois	105,757,907	6,485,280	99,118,224	5,638,591
Michigan	[1] 55,986,999	3,668,412	59,556,356	2,810,173
Wisconsin	53,222,114	2,632,067	50,269,446	2,333,860
North Central States:				
Minnesota	60,249,543	2,387,125	53,323,702	2,075,708
Iowa	120,097,319	2,404,021	106,662,882	2,224,771
Missouri	117,203,569	3,404,055	110,922,159	3,293,335
North Dakota	20,820,407	6,646,872	17,069,498	577,056
South Dakota	30,419,957	636,547	24,641,342	583,888
Nebraska	49,132,837	1,296,732	46,460,624	1,192,214
Kansas	[1] 76,135,616	1,769,257	81,967,689	1,690,949
Atlantic States:				
Delaware	[illegible]68	223,003	[illegible]100	202,322
Maryland	[1] [illegible]91	1,449,661	[illegible]501	1,295,346
District of Columbia	[illegible]62	437,571	[illegible]	331,069
Virginia	[illegible]69	2,309,187	[illegible]	2,061,612
West Virginia	[illegible]79	1,463,701	[illegible]	1,221,119
North Carolina	[illegible]21	2,559,123	[illegible]	2,206,287
South Carolina	[illegible]43	1,683,724	[illegible]71	1,515,400
Georgia	[illegible]69	2,895,832	[illegible]19	2,609,121
Florida	[illegible]63	968,470	[illegible]51	752,619
South Central States:				
Kentucky	[1] 42,224,720	2,416,630	43,781,616	2,289,905
Tennessee	48,707,146	2,337,885	41,244,285	2,184,789
Alabama	24,436,979	2,348,174	21,945,662	2,138,093
Mississippi	23,783,265	1,790,618	20,337,052	1,797,114
South Central States:				
Arkansas	28,169,265	1,752,204	26,496,526	1,574,449
Louisiana	[1] 13,136,046	1,798,509	14,423,023	1,656,388
Oklahoma	45,440,017	2,028,283	45,366,592	1,657,155
Texas	[1] 70,625,008	4,663,228	77,377,977	3,896,542
tain States:				
Montana	11,868,042	548,889	5,960,015	373,053
Idaho	10,391,962	431,866	6,433,840	325,594
Wyoming	33,171,951	194,402	2,079,799	145,965
Colorado	14,172,375	939,629	10,577,829	799,024
New Mexico	3,062,790	360,350	2,961,852	327,301
Arizona	2,524,832	334,162	1,732,872	204,354
Utah	5,507,076	449,396	4,644,529	373,351
Nevada	896,457	77,407	802,655	81,875
States:				
Washington	21,366,576	1,356,621	16,373,740	1,141,990
Oregon	14,626,720	783,389	11,535,402	672,765
California	64,123,895	3,426,861	40,735,238	2,377,549
Total	1,656,267,200	105,710,620	1,574,979,416	91,972,226

[1] ... showing decrease in dozens of eggs produced in 1919.

gures 26, 27, and 28 and Table XVIII: Tariff rates should be d on the quantity and value that each egg product bears to eggs. The method which we have used in attempting to e at equitable rates on egg products is shown in figures 26, 27, 28, which show the estimated amounts of various egg products derived from shell eggs and the comparative values of the vari- egg products, assuming shell eggs to be worth 20 cents per dozen the products to be worth the prices indicated in the spring of

the year, the prices being the actual quotations furnished by larg importing firms, as shown in the tables. For example, it is shown in figures 26, 27, and 28, assuming that a dozen eggs in the shel weigh on an average 1½ pounds, then the frozen or liquid whole eg removed from the shell would weigh 1.16 pounds, and the frozen or liquid egg yolk would weigh 0.56 pound, while the frozen or liquid eg albumen would weigh 0.6 pound, or the two taken together would be the same as the frozen or liquid whole egg. The whole dried egg would weigh 0.32 pound, which would be the amount of the contents of the egg less the moisture which had been removed in the drying proce The dried egg yolk would weigh 0.25 pound and the dried egg albu men 0.17 pound, the larger proportion of moisture being retained i the dried egg yolk which is found necessary in the preparation compared to the greater evaporation of the dried egg albumen this chart is shown also the number of shell eggs, expressed in fra tions of a dozen, required to produce 1 pound of the egg produ For example, taking the same average weight for shell eggs as in cated above, as 1½ pounds, it would require, in order to produce pound of shell eggs, 0.666 of a dozen; for 1 pound of frozen or liq whole egg it would require 0.86 of a dozen; for frozen or liquid yolk it would require 1.8 dozens; for frozen or liquid egg albumen would take 1.66 dozens; for 1 pound of dried whole egg it would quire 3.16 dozens; for dried egg yolk it would take 4 dozens; and 1 pound of dried egg albumen there would be required 5.83 doze These figures and graphs show that if equitable tariff rates are to arrived at the rates to be decided upon should be in proportion the quantity and value of each of the commodities based on the va of shell eggs during the months when the largest number are pu chased for freezing and drying. Otherwise the importer would able to ship his products into this country in the particular fo either as whole eggs or egg yolks or egg albumen in the frozen dried forms, depending upon which commodity required the paym of the lowest duty in proportion to the value of the product. Jugg the preparation of egg products in order to avoid paying tariff du has been resorted to successfully in the past and should be prevent in the future. This can best be accomplished by making the rates fit the quantities and values which the products bear to quantity and cost of shell eggs and other actual costs which into the manufactured products.

Figure 27 gives the wholesale market price per pound and dozen of shell eggs and equivalent in egg products, using the ac wholesale market prices quoted for March, April, and May by porters, this being the season when the great bulk of eggs is pu chased in the Orient, to be frozen or dried for export at which t the products are sold under contract for a year in advance to delivered as wanted. Obviously the prices at this season of the ye would be more nearly correct, although not exact, as a means of es mating values for a year than it would be to take the average each month in the year or for a market price at any particular sea Not being able to estimate accurately the average cost to break freeze or dry the numerous egg products, we have used the sell price as representing the comparative values of egg products.

[t will be seen from the table that assuming eggs in shell to be rth 20 cents per dozen, then a pound of shell eggs will be worth 166; frozen whole eggs, $0.245 per pound; frozen or liquid egg ks, $0.26 per pound; frozen or liquid egg albumen, $0.245 per ınd; dried whole eggs $0.75 per pound; dried egg yolks, $0.60 per ınd; dried egg albumen, $1.50 per pound, not including the cost manufacturing. When expressed in the wholesale price per dozen eggs in shell and for egg products in the United States in April, !1, as follows: The value of each product derived from a dozen s weighing 1.5 pounds would be, for eggs in shell, 20 cents per ;en; frozen or liquid whole eggs, $0.2842 per pound; frozen or iid egg yolks, $0.1456 per pound; frozen or liquid egg albumen, 1470 per pound; dried whole eggs, $0.2400 per pound; dried egg ks, $0.1500 per pound; dried egg albumen, $0.2550 per pound. se figures are based on the proportionate values as per wholesale es quoted above for each of the egg products that would be duced from a dozen of shell eggs weighing 1.50 pounds.

n figure 28 is shown a comparison of the proposed tariff rates on s and egg products, which are based on the weight of United States s weighing 1.5 pounds to the dozen, and the wholesale price in the ited States of imported eggs in comparison with the rates in the dney bill and the recommended increase in rates for the Senate . From these estimates it will be seen that in the case of frozen iquid whole eggs the rates based on the actual quantity and value this egg product, assuming shell eggs at 6 cents per dozen, the iff duty should be $0.073 per pound instead of 4 cents, as in the dney bill; and if the rate on the frozen or liquid whole eggs were be based on the actual quantity and value of this egg product, ıming shell eggs at 8 cents, then the frozen product rate should $0.097 instead of 8 cents per pound, as recommended in the Senate , so that an 8-cent rate per pound for frozen or liquid whole eggs ower in proportion according to comparative values than shell s at 8 cents per dozen.

n the case of frozen or liquid egg yolks the rate based on the actual ntity and value of this egg product, assuming the rate on shell s at 6 cents per dozen as in the Fordney bill, should be $0.077 pound instead of 4 cents per pound, as in the Fordney bill; and rate based on the actual quantity and value of this egg product, ıming the rate on shell eggs to be 8 cents per dozen would mean t the frozen or liquid egg yolks should carry a rate of $0.103 pound instead of 8 cents as recommended for the Senate bill. In case also the 8-cent rate recommended is lower than the estimated ount based on shell eggs at 8 cents per dozen.

s to the frozen or liquid egg albumen the rate based on actual ntity and value of this egg product, assuming shell eggs at 6 ts per dozen, as in the Fordney bill, would be exactly 6 cents per nd for the frozen or liquid egg albumen instead of 4 cents per ınd, as provided in the Fordney bill, and the rate based on actual ntity and value of this egg product, assuming shell eggs 8 cents dozen, would be 8 cents per pound for the frozen or liquid egg umen, which is precisely the same as the rate recommended for Senate bill.

The dried whole egg rates based upon actual quantity and value of s egg product, assuming shell eggs at 6 cents per dozen, as in the

Fordney bill, would mean a tariff duty of 0.225 cents per pound instead of 15 cents per pound, as in the Fordney bill; and for rate based on actual quantity and value of this egg product, assuming shell eggs at 8 cents per dozen as recommended for the Senate bill would be 30 cents per pound for the dried whole egg instead of 24 cents as suggested for the Senate bill. Here again the recommended Senate rate would be considerably less than the estimated rate for the dried whole egg.

For the dried egg yolk the rate based on the actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, as in the Fordney bill, would mean an 18-cent per pound tariff rate on the dried egg yolks instead of 15 cents per pound, as in the Fordney bill, assuming the rate to be based on actual quantity, and the value of this egg product, and assuming shell eggs at 8 cents per dozen, the rate should be 24 cents per pound for the dried egg yolks which is the same as recommended for the Senate bill.

Taking the dried egg albumen and assuming the rate based on actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, as in the Fordney bill, the rate should be 45 cents per pound instead of 15 cents per pound, as provided in the Fordney bill. Taking the rates based on actual quantity and value of this egg product, assuming shell eggs at 8 cents per dozen, then dried egg albumen should carry a tariff rate of 60 cents per pound instead of 24 cents as recommended for the Senate bill.

From these studies it will be seen that the rates recommended by the poultry producers to be included in the Senate bill of 8 cents per pound for frozen eggs and egg products and 24 cents per pound for the dried eggs and egg products are the same or lower than the estimated rates based on quantity and value of products to be derived from shell eggs bearing a tariff rate of 8 cents per dozen.

TABLE XVIII.

Number of pounds of egg products produced from 1 dozen of shell eggs.

[Average of figures as quoted by the following authorities, United States, in April, 1921: H. J. Keith, Boston, Mass.; Morris-Ovson Co., Chicago, Ill.; Titman-Harding Co., Kansas City, Mo.; H. A. McAleer, United States Department of Agriculture, Washington, D. C. Prepared by the poultry department, New York State College of Agriculture, Cornell University, Ithaca, N. Y.]

	Pounds
Eggs in shell	[illegible]
Frozen or liquid whole egg	[illegible]
Frozen or liquid egg yolk	[illegible]
Frozen or liquid albumen	[illegible]
Dried whole egg	[illegible]
Dried egg yolk	[illegible]
Dried egg albumen	[illegible]

Number of shell eggs required to produce 1 pound of egg product.

[Average of figures as quoted by the following authorities in the United States, April, 1921: H. J. Keith, Boston, Mass.; Morris-Ovson Co., Chicago, Ill.; Titman-Harding Co., Kansas City, Mo.; H. A. McAleer, United States Department of Agriculture, Washington, D. C.]

	[illegible]
Eggs in shell	[illegible]
Frozen or liquid whole eggs	[illegible]
Frozen or liquid egg yolk	[illegible]
Frozen or liquid egg albumen	[illegible]
Dried whole egg	[illegible]
Dried egg yolk	[illegible]
Dried egg albumen	[illegible]

holesale market price per pound and per dozen of shell eggs and equivalent in egg products.

[...suming wholesale price per pound of egg product as quoted by following authorities, United States, in ...pril, 1921: H. J. Keith, Boston, Mass.; Morris-Ouson Co., Chicago, Ill.; Lewis-Mears Co., New York ...ity.—$0.20 per dozen or $0.16⅔ per pound is the average wholesale price of imported eggs in shell, in ...nited States, for March, April, and May, 1921. Prepared by the poultry department, New York State ...ollege of Agriculture, Cornell University, Ithaca, N. Y.]

	Per pound.
...gs in shell	$0.1666
...ozen or liquid whole eggs	.245
...ozen or liquid egg yolks	.26
...ozen or liquid egg albumen	.245
...ied whole eggs	.75
...ied egg yolks	.60
...ied egg albumen	1.50

...olesale price per dozen eggs in shell and its equivalent in egg products, United States, in April, 1921.

...gs in shell	$0.2000
...zen or liquid whole eggs	.2842
...zen or liquid egg yolks	.1456
...zen or liquid egg albumen	.1470
...ed whole eggs	.2400
...ed egg yolks	.1500
...ed egg albumen	.2550

...mparison of proposed tariff rates on eggs and egg products, based on weight of United States eggs and price of imported eggs with Fordney bill and proposed increase.

...gs in shell:	
Fordney tariff rates	$0.060
Suggested Senate rates, 1921	.080
...zen or liquid whole eggs:	
Fordney tariff rates, 1921	.040
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	.073
Suggested Senate rates, 1921	.080
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	.097
...zen or liquid egg yolks:	
Fordney tariff rates, 1921	.040
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	.077
Suggested Senate rates, 1921	.080
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	.103
...zen or liquid egg albumen:	
Fordney tariff rates, 1921	.040
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	.060
Suggested Senate rates, 1921	.080
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	.080
...d whole eggs:	
Fordney tariff rates, 1921	.150
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	.225
Suggested Senate rates, 1912	.240
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	.300
...d egg yolks:	
Fordney tariff rates, 1921	.150
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	.180
Suggested Senate rates, 1921	.240
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	.240

Dried egg albumen:
- Fordney tariff rates, 1921 .... $0.1[illegible]
- Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921 .... [illegible]
- Suggested Senate rates, 1921 .... [illegible]
- Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921 .... [illegible]

Figure 28: One of the facts of great importance for us to bear in mind in considering the effect of foreign competition upon the poultry industry of America is the quick effect that it would have in causing poultrymen to go out of the poultry business. The poultry in- dustry, more, perhaps, than any other branch of agriculture, cer- tainly more than any other branch of live-stock husbandry, is sensi- tive to economic changes of favorable or unfavorable conditions. It is essentially true to say that the number of birds kept in the United States may be vitally changed in a single year, depending upon whether or not the business has been profitable or unprofitable. This is particularly true of all those poultry keepers who are depend- ing to a large extent upon purchased grain and hired labor and to some extent also the small general farm flocks.

This quick response is a guaranty to the consumers of the United States that eggs and poultry will not be higher in price than is neces- sary to yield sufficient profit to induce poultrymen to remain in the business. Coupled with this is the further fact that far more persons including men, women, and children are engaged as personal owners in raising poultry than in any other branch of agriculture. The Government statistics and our own surveys show that 89 per cent of the farms and at least 50 per cent of the people in villages keep poultry. Profiteering is not possible in the production of poultry and eggs. The millions of small poultry producers and laborers who would the be employed in the egg raising of our country are the ones who [illegible] receive the benefits of a wise protective tariff. A few large importing companies are the ones who now profit by having no tariff duty on shell eggs and ridiculously low rates on egg products.

As an illustration of the way in which adverse or favorable con- ditions have affected the poultry industry, from July, 1916, to the present time, primarily due to the World War, I refer to figure [illegible] which shows the variations in the average wholesale price of the highest grade of eggs and of live poultry on the New York market and of feed consisting of the complete Cornell ration for egg pro- duction, month by month, for the time indicated showing the per cent of increase or decrease of the commodities mentioned over the prewar averages for the same months for the years 1914 and 19[illegible] as a base.

For the months of July, August, and September, 1916, the price of eggs as shown by the solid line curve and the price of live poultry as shown by the dash line curve were higher, than feed as shown by the dot and dash line curve as compared to the prewar averages for the same months. Poultrymen, presumably were then making at least small profits. During the next two months, October and November, feed was materially higher and eggs and poultry lower, after which feed continued to rise sensationally month by month as shown by the dash and dot line curve until December of 1917 when it showed an increase of 119 per cent, whereas poultry had increased to about 66 per cent and eggs to only 33 per cent. Poultrymen we[illegible]

ıen rapidly decreasing the size of their flocks or going out of business. This was particularly true of the commercial poultrymen, the ıck lotters, and the suburban poultry keepers who were obliged to ırchase all or nearly all of their feed. The large number of fowls ıing sold and increase of the high price of feed and labor had a ndency to hold down the price of chickens below what it normally ɔuld have been. This was particularly true during the spring and mmer when large quantities were sold and when buyers filled eir storage plants with relatively cheap poultry. The decrease in e number of fowls had a tendency to increase the price of eggs oduced. During this time less chickens were hatched and reared cause poultrymen were discouraged and panicky.

In the spring of 1918 the famous Food Administration ruling against lling of hens during the laying season, February and March, had a rther tendency to cause poultrymen to decrease the number of ickens reared and hence had exactly the opposite effect, as might ve been expected, from what the Food Administration desired to complish. Poultrymen, like all persons engaged in other occupaıns, do business according to the law of "supply and demand," also pressed as "profit or loss," which specifically means that the relıvely low price of eggs and the high price of feed caused poultrymen reduce the size of their poultry enterprises or to go out of business tirely to such an extent that in many sections more than half of the ultry was sold and less than half the normal number were reared. ıny of the poultry keepers have not to the present day returned to eir normal capacity and thousands of persons throughout the intry have postponed their plans temporarily or permanently to gage in poultry farming.

At the close of 1918 poultry was 98 per cent, feed 89 per cent, and gs only 69 per cent higher than the prewar price. Poultry was gher because it was scarcer. It had been to a large extent killed and few reared to replace it, and as a result the price of eggs was gher than at the same time during the preceding years, having vanced from 15 per cent to 33 per cent and then to 69 per cent, spectively, in the three years, for the month of December. But the rease in price of eggs was materially less than increase of price of d. The price of feed has a dominating influence, since it is about per cent of the total cost of egg production, and the labor, not re considered, but under normal conditions is a large factor; about per cent of the cost of production.

In the beginning of 1919 we see an exceedingly favorable condition r poultrymen who had stayed in the business and who had taken eir loss, namely, chickens in February selling for 113 per cent, gs for 66 per cent, whereas feed had dropped to 64 per cent higher an the prewar average for that month. During the first seven ɔnths of 1919 eggs rose from prewar average to 122 per cent, live ultry to 114 per cent, and feed to 103 per cent, and poultrymen re making money. These favorable conditions and bright prosects for profits in the future caused a very large increase in the ımber of chickens hatched and reared in the spring of 1919, which having a marked effect even now on the increased number of eggs oduced. The most sensational increases in prices received for ultry and eggs, however, occurred in the spring of 1920, namely, 9 per cent for eggs and 160 per cent for live poultry.

All records of high feed prices were smashed in June, when th complete Cornell ration was selling for 137 per cent, whereas eggs were 110 per cent and live poultry 101 per cent above prewar average for the same month. This rise in price of feed as compared to egg and poultry was a temporary setback but did not occur until after the hatching season, so that it did not seriously affect the number of chickens hatched and reared and that went into winter quarters, and moreover the price of feed made a sensational drop, beginning in July and continuing consistently each month until 1921 and which nearly bankrupted the grain producers. In December, 1920, feed was only 60 per cent and eggs were only 47½ per cent and live poultry had dropped to 105 per cent, as compared to prewar average and as compared to the same month the preceding year, when feed had been 101 per cent, eggs 70 per cent, and live poultry 116 per cent. The drop in the price of fed was responsible for increases in the number of fowls kept everywhere in the United States.

Beginning with February, 1921, there was a marked general decline month by month almost without exception until June in the price of live poultry and the price of eggs in keeping with the general downward trend of prices of most commodities. Feed remained about the same for May, June, and July until August, when it reached its lowest point of only 5.9 per cent increase over the prewar average, at which time eggs were 72 per cent and live poultry 68 per cent. It is apparent, therefore, that during that time poultrymen should have been making fair profits.

The rapid decline in the price of feed and the slower fall in price of eggs and live poultry during the hatching season, March, April, and May, 1921, as might be expected caused poultrymen to hatch and rear the normal or increased number of chickens so that we will go into winter quarters in the United States with an increased poultry population with prospects of very much larger egg receipts and correspondingly lower prices for eggs and poultry.

For the good of American farmers it is hoped that the price of grain will increase rather than decrease so that it will be above rather than below the prewar level, and that the price of poultry and eggs will decline no faster than other commodities. However, we can expect within the next few years that the curve of percentage increase or decrease in prices of eggs, poultry, and feed will bring them closer together, presumably about where they were before the war and when poultrymen will then feel acutely the effects of large importations of eggs and egg products particularly during the spring of the year when egg prices are lowest and when poultry keepers are making their plans for hatching the next year's crop of chickens for replacement. This is the time of year when the poultry producing and distributing industries are most sensitive to economic changes. It is the poultryman's seed time when he makes his plans for future production. This also is the time when contracts are made by the importers for the entire year in advance for frozen eggs or dried eggs based on the lowest oriental price of eggs during the season of heavy production.

Early in the spring eggs are shipped in the shell from China to be sold on a falling market in January, February and March, whether this is done intentionally or by accident it has the effect of throwing

are into the sensitive egg market and results in helping to further duce the price of American eggs going into cold storage in vast iantities at this season of the year, particularly throughout the eat egg-producing section, and large assembling and distributing ties. It should be clearly understood that eggs are used for gambling irposes and sold and resold on the market much as other commodities e sold. In fact eggs frequently are sold before they are laid hich makes delivery very precarious under normal conditions nsidering the fickleness of hens.

TABLE XIX.—*Cost of Cornell ration per 100 pounds.*

0 pounds consists of 66⅔ pounds grain and 33⅓ pounds mash. Grain: 2 of corn, 2 of wheat, and 1 of oats. Mash: 6 of corn meal, 6 of wheat middlings, 5 of meat scrap, 3 of wheat bran, 1 of oil meal, and 1 of lfalfa meal.]

	Average 1914-15.	Average 1915-16.	2-year average 1914-1916.		Average 1914-15.	Average 1915-16.	2-year average 1914-1916.
ly	$1.63	$1.94	$1.78	January	$1.92	$1.79	$1.85
gust	1.83	1.87	1.85	February	2.04	1.81	1.92
ptember	1.85	1.75	1.80	March	2.00	1.74	1.87
tober	1.78	1.68	1.73	April	2.04	1.80	1.92
vember	1.78	1.65	1.72	May	2.01	1.80	1.90
cember	1.77	1.73	1.75	June	1.88	1.73	1.80

	Cost per hundred.	2-year average 1914-1916.	Per cent increase.		Cost per hundred.	2-year average 1914-1916.	Per cent increase.
1916.				1919.			
ly	$1.82	$1.78	2.2	March	$3.27	$1.87	74.8
gust	2.01	1.85	8.5	April	3.40	1.92	77.1
ptember	2.06	1.80	14.4	May	3.52	1.90	85.3
tober	2.17	1.73	25.4	June	3.45	1.80	91.6
ovember	2.36	1.72	37.2	July	3.63	1.78	103.9
ecember	2.31	1.75	32.0	August	3.74	1.85	102.2
1917.				September	3.53	1.80	96.1
nuary	2.45	1.85	32.4	October	3.39	1.73	95.9
ebruary	2.56	1.92	33.3	November	3.41	1.72	98.3
arch	2.63	1.87	40.6	December	3.52	1.75	101.1
pril	2.93	1.92	52.6	1920.			
ay	3.07	1.90	61.6	January	3.60	1.85	94.6
ne	2.90	1.80	61.1	February	3.68	1.92	91.7
ly	3.04	1.78	70.8	March	3.77	1.87	101.6
ugust	3.36	1.85	81.6	April	4.02	1.92	109.4
ptember	3.42	1.80	90.0	May	4.23	1.90	122.6
tober	3.41	1.73	97.1	June	4.24	1.80	136.7
ovember	3.62	1.72	110.5	July	4.07	1.78	128.7
ecember	3.79	1.75	116.6	August	3.89	1.85	110.3
1918.				September	3.66	1.80	103.3
nuary	3.56	1.85	92.4	October	3.29	1.73	90.2
ebruary	3.66	1.92	90.6	November	3.04	1.72	76.7
arch	3.66	1.87	95.7	December	2.80	1.75	60.0
pril	3.49	1.92	81.8	1921.			
ay	3.35	1.90	76.3	January	2.65	1.85	43.2
ne	3.33	1.80	85.0	February	2.52	1.92	31.2
ly	3.42	1.78	92.1	March	2.37	1.87	26.7
gust	3.40	1.85	83.7	April	2.16	1.92	12.5
eptember	3.31	1.80	83.9	May	2.20	1.90	15.8
ctober	3.16	1.73	82.7	June	2.07	1.80	15.0
ovember	3.18	1.72	84.9	July	2.05	1.78	15.2
ecember	3.29	1.75	88.0	August	1.96	1.85	5.9
1919.				September	1.98	1.80	10.0
anuary	3.25	1.85	75.6	October	1.92	1.73	11.0
ebruary	3.18	1.92	65.6				

TABLE XX.—*Price of eggs per dozen.*

[Top New York quotation.]

	Average, 1914–1916.	2-year average, 1914–1916.		Average, 1914–1916.	2-year average, 1914–1916.
1914.	*Cents.*	*Cents.*	**1915.**	*Cents.*	*Cents.*
July	29.3	28.7	July	28.1	[illegible]
August	34.2	34.1	August	33.9	[illegible]
September	39.3	38.3	September	27.3	[illegible]
October	49.8	51.0	October	52.2	[illegible]
November	57.2	59.5	November	61.8	[illegible]
December	55.5	53.5	December	51.5	[illegible]
1915.			**1916.**		
January	44.9	42.8	January	40.6	[illegible]
February	34.0	33.9	February	33.8	[illegible]
March	24.6	26.3	March	27.9	[illegible]
April	23.7	24.5	April	25.2	[illegible]
May	23.6	24.7	May	25.7	[illegible]
June	25.4	26.8	June	28.2	[illegible]

	Cost per dozen.	2-year average, 1914–1916.	Increase.		Cost per dozen.	2-year average, 1914–1916.	Increase.
1916.	*Cents.*	*Cents.*	*Per cent.*	**1919.**	*Cents.*	*Cents.*	*Per cent.*
July	33.0	28.7	14.98	January	73.5	42.8	[illegible]
August	41.0	34.1	20.23	February	56.0	33.9	[illegible]
September	48.1	38.3	25.58	March	49.0	26.3	[illegible]
October	50.1	51.0	15.88	April	52.0	24.5	[illegible]
November	68.1	59.5	14.45	May	53.0	24.7	[illegible]
December	61.6	53.5	15.14	June	58.0	26.8	[illegible]
				July	64.0	28.7	[illegible]
				August	69.0	34.1	[illegible]
				September	77.0	38.3	[illegible]
1917.				October	84.0	51.0	[illegible]
January	53.7	42.8	25.46	November	95.0	59.5	[illegible]
February	48.7	33.9	43.65	December	91.0	53.5	[illegible]
March	35.8	26.3	36.12				
April	37.0	24.5	51.02	**1920.**			
May	38.0	24.7	53.84	January	84.2	42.8	[illegible]
June	38.7	26.8	44.40	February	76.0	33.9	[illegible]
July	43.4	28.7	51.21	March	60.4	26.3	[illegible]
August	52.8	34.1	52.49	April	54.5	24.5	[illegible]
September	58.0	38.3	51.41	May	53.0	24.7	[illegible]
October	67.1	51.0	35.49	June	56.1	26.8	[illegible]
November	78.6	59.5	32.10	July	64.9	28.7	[illegible]
December	71.1	53.5	32.89	August	72.0	34.1	[illegible]
				September	83.0	38.3	[illegible]
				October	100.0	51.0	[illegible]
				November	103.5	59.5	[illegible]
1918.				December	77.5	53.5	[illegible]
January	73.2	42.8	71.02				
February	61.4	33.9	81.12	**1921.**			
March	45.7	26.3	73.5	January	78.8	42.8	[illegible]
April	40.5	24.5	65.3	February	54.3	33.9	[illegible]
May	41.5	24.7	68.0	March	43.2	26.3	[illegible]
June	47.9	26.8	78.7	April	34.0	24.5	[illegible]
July	53.6	28.7	86.7	May	33.9	24.7	[illegible]
August	63.6	34.1	86.5	June	38.9	26.8	[illegible]
September	68.2	38.3	78.1	July	50.8	28.7	[illegible]
October	84.7	51.0	66.1	August	58.5	34.1	[illegible]
November	95.6	59.5	60.7	September	67.7	38.3	[illegible]
December	91.2	53.5	70.5	October	80.6	51.0	[illegible]

TABLE XXI.—*Price of eggs per pound.*

	Cents per pound.	2-year average, 1914–1916.	Increase.
1916.			*Per cent.*
ly	19.8	17.4	13.79
ugust	18.8	16.5	14.54
ptember	19.8	17.0	16.47
tober	16.6	14.2	16.90
ovember	15.4	13.7	12.40
ecember	18.2	13.3	36.84
1917.			
nuary	20.7	15.9	30.18
bruary	22.2	17.0	30.58
arch	24.0	18.3	31.14
pril	25.3	18.6	36.02
ay	24.2	18.9	28.04
ne	24.6	18.3	34.42
ly	21.0	17.4	20.69
ugust	23.6	16.5	43.03
ptember	27.4	17.0	61.17
tober	21.0	14.2	54.93
ovember	21.1	13.7	54.01
ecember	23.0	13.3	72.93
1918.			
nuary	27.7	15.9	....
bruary	34.9	17.0	105.30
arch	....	(1)	....
ay	32.0	18.9	69.20
ne	32.5	18.3	77.60
ly	33.2	17.4	90.80
ugust	33.3	16.5	101.80
ptember	31.8	17.0	87.10

	Cents per pound.	2-year average, 1914–1916.	Increase.
1918.			*Per cent.*
October	29.4	14.2	97.00
November	25.8	13.7	95.60
December	25.3	13.3	97.80
1919.			
January	30.4	15.9	91.00
February	36.2	17.0	112.90
March	37.6	18.3	105.40
April	39.6	18.6	112.90
May	38.2	18.9	102.10
June	34.8	18.3	90.10
July	37.0	17.4	113.10
August	35.0	16.5	112.10
September	31.9	17.0	87.60
October	27.0	14.2	90.10
November	24.8	13.7	81.00
December	28.7	13.3	115.80
1920.			
January	36.6	15.9	130.20
February	41.6	17.0	144.80
March	47.5	18.3	159.50
April	45.9	18.6	141.30
May	39.0	18.9	106.30
June	37.0	18.3	102.20
July	37.8	17.4	117.20
August	36.5	16.5	121.20
September	36.0	17.0	111.80
October	29.3	14.2	106.30
November	26.8	13.7	95.60
December	27.3	13.3	105.30

[1] Rule XIV.

Live poultry.

	1921	2-year average.	Increase.
	Cents.	*Cents.*	*Per cent.*
nuary	36.1	15.9	127.0
ebruary	34.5	17.0	102.9
larch	36.8	18.3	98.9
pril	34.4	18.6	85.0
ay	34.5	18.9	82.6
une	31.6	18.3	72.7
July	30.3	17.4	74.1
August	27.8	16.5	68.5
September	26.6	17.0	56.5
October	22.5	14.2	58.5
November	....	13.7	....
December	....	13.3	....

Figure 29 and Table XXII: Perhaps the most important misconception which has existed in the minds of the people is that eggs and chickens have been high in price. The consumer of eggs and egg products should know that, relatively speaking, considering the prices of other commodities, eggs and poultry have not been high in price. In justice to the producer and the distributor this fact should be clearly understood. The proof of the assertion that eggs and chickens have not been high in price is shown in figure 29, where the wholesale market prices of three commodities, namely, eggs, chickens, and corn, the grain which is most extensively used by poultrymen in America, are compared with the index number of wholesale prices of principal commodities for the years from August, 1914, to October, 1921, inclusive. Here we are able to compare the two principal products which poultrymen have to sell, eggs and chickens, with the principal grain product, corn, which he buys and the numerous general commodities which he purchases and which give us a fairly accurate means of gauging the poultryman's purchasing capacity based on his business returns. The solid black curve shows the average wholesale index number of prices of commodities month by month, from which it will be seen that the prices were nearly stationary for 1914 and 1915 at about 100. Beginning with 1916 the increase in the commodities rose rapidly to 150 for January,

1917, and rose more or less consistently to about 190 early in 191 and to 210 in September of the same year; dropped slightly durin the forepart of 1919, but reached 230 in August, 1919, and was 25 plus in February, 1920; and reached its highest apex of about 275 in May, 1920, from which time there was a marked decline until July 1921, when it was 150, essentially the same as in January, 1917.

During 1914–15 the price of eggs and chickens, as indicated by the dotted curve, fluctuated above and below the price which farmers paid for general commodities, higher rather than lower during 1914 and early in 1915, and slightly lower toward the close of 1915. For 1916, 1917, 1918, and the early part of 1919 the price of eggs and chicke was slightly above that of commodities; but from then on until Octo ber, 1920, the prices paid for chickens and eggs on the New Yor market was materially lower than the price paid for commodities.

During the summer of 1919 and the latter part of 1920 the pric of eggs and chickens was slightly higher for a short period than th general commodities; but since that time the price of chickens ha been decidedly higher and the price of eggs materially lower un September and October, 1921, when the price for eggs was essentia the same as for commodities.

The price of corn not only remained higher than the price of eg and chickens almost continuously until toward the close of 191 with the exception of a short time in 1916, but was also higher tha the price of the general commodities. This was particularly tr during the last two-thirds of 1917 till toward the close of 1919, shown by the dash-line curve.

Beginning with the latter part of 1919 the price of corn declin but was not lower than the price of eggs and chickens until Septemb 1920. From that time on the sensational fall in the price of co was conspicuously and materially lower than the price of eggs the wholesale price of commodities and of chickens.

A general glance at the trend of the curves shows clearly that th prices paid for eggs and chickens have, with very slight exceptio until the latter part of 1920, been lower not only than the price corn but than the price of general commodities. It is very evide therefore, that if there has been profiteering in chickens and egg it has not been the producer who was responsible. Notwithstandin the fact it might appear from the preceding chart, figure 29, deali with the cost of feed and the price received for eggs and from chicke from 1914 to 1921, that the poultryman was making a profit for th most part during 1919 and 1920. A study of figure 29, will reve where the poultryman's actual or imaginary profits have gone shown by the fact that the prices of his personal and home expens have been materially higher than the prices which he received for th things he produced. In other words, his business as such show justifiable profits for 1919–20, but his living expenses outside of h business were materially higher in proportion than his profits. I other words, the people who were manufacturing or producing th things that poultrymen buy were receiving more as a reward f their labor and investment than was the poultryman. That is wh poultrymen quit producing eggs and went to producing commoditi paying larger profits. All of which leads to the final conclusi that the best way to increase agricultural production is b making it possible for a person to secure sufficient reward in th way of living conditions, based on the profits of his business, to ind

m to continue to produce eggs and chickens, for example, rather an to engage in some other occupation. We believe that proper otection by means of an equable tariff on poultry, eggs, and egg oducts is an important way in which persons may be induced to gage in the production of poultry products in America so that the nsumers of America may eat home-grown products not only of a tter quality but at a reasonable price, trusting to the enterprise, ergy, and the education of Americans to increase production so at competition will be between ourselves rather than with the ople in other countries who, because of necessity, are obliged to rk for lower wages and under living conditions which we would t tolerate in America.

BLE XXII.—*Average farm price of eggs, poultry, and corn, and wholesale price of all commodities, 1914–1921.*

erage farm prices of poultry, eggs, and corn from the 1919 Yearbook of the United States Department Agriculture and Monthly Crop Reporter. Average wholesale prices of "all commodities" from reports the Bureau of Commerce and Labor. The 4-year average before the war for each month is 100 per cent.]

Month.	Eggs.	Chickens.	Corn.	Wholesale prices of "all commodities."
1914.				
ust	$0.182	$0.128	$0.768	102.2
ember	.210	.127	.815	103.0
ber	.235	.120	.782	101.5
ember	.252	.119	.706	101.8
mber	.297	.113	.644	101.1
1915.				
ary	.316	.112	.662	100.2
uary	.292	.115	.728	102.2
ch	.213	.117	.751	100.8
il	.166	.119	.751	100.8
	.171	.121	.777	101.3
e	.166	.122	.779	101.0
	.168	.122	.777	103.2
ust	.170	.122	.789	102.3
ember	.187	.121	.773	99.6
ber	.223	.120	.705	102.7
ember	.263	.118	.619	104.0
mber	.306	.115	.575	107.1
1916.				
ary	.306	.114	.621	112.4
uary	.208	.119	.667	113.5
ch	.212	.122	.682	116.1
il	.179	.126	.703	118.2
	.181	.132	.723	119.5
	.190	.135	.741	120.4
	.197	.138	.754	121.5
ust	.207	.138	.794	125.9
ember	.233	.139	.816	129.1
ber	.281	.143	.823	135.2
ember	.322	.143	.850	145.8
ember	.381	.142	.889	148.9
1917				
ary	.377	.139	.900	153.3
uary	.458	.147	.968	158.4
ch	.338	.155	1.009	163.0
il	.259	.161	1.134	174.2
	.300	.175	1.506	183.3
	.311	.175	1.601	187.8
	.283	.173	1.646	188.9
ust	.298	.171	1.966	188.3
ember	.332	.172	1.755	185.0
ber	.374	.161	1.751	183.0
ember	.394	.177	1.460	185.6
ember	.433	.175	1.283	184.5

Month.	Eggs.	Chickens.	Corn.	Wholesale prices of "all commodities."
1918.				
January	$0.463	$0.179	$1.348	189.0
February	.484	.188	1.388	191.1
March	.404	.199	1.543	190.5
April	.312	.198	1.536	194.6
May	.310	.198	1.557	193.4
June	.298	.200	1.525	196.9
July	.307	.212	1.537	202.2
August	.344	.226	1.597	206.7
September	.364	.228	1.657	210.5
October	.416	.231	1.595	207.4
November	.472	.224	1.403	210.0
December	.550	.218	1.366	210.0
1919.				
January	.572	.217	1.447	206.4
February	.483	.216	1.381	201.3
March	.331	.222	1.372	204.7
April	.343	.235	1.496	206.9
May	.368	.252	1.626	208.6
June	.386	.257	1.712	210.2
July	.368	.252	1.765	223.6
August	.393	.259	1.912	231.3
September	.410	.257	1.057	228.7
October	.447	.242	1.539	226.7
November	.540	.229	1.334	234.5
December	.619	.223	1.349	242.7
1920.				
January	.648	.296	1.404	243.4
February	.569	.241	1.468	254.4
March	.466	.254	1.485	257.8
April	.388	.268	1.586	270.0
May	.374	.274	1.696	275.4
June	.370	.272	1.852	274.5
July	.367	.270	1.856	267.5
August	.400	.274	1.637	255.9
September	.442	.267	1.557	246.0
October	.501	.264	1.213	228.8
November	.569	.233	.873	210.4
December	.650	221	.677	192.5
1921.				
January	.611	.207	.667	180.6
February	.496	.219	.624	170.6
March	.292	.221	.645	164.9
April	.204	.222	.630	156.8
May	.202	.217	.595	152.8
June	.194	.207	.625	150.9
July	.220	.211	.622	151.0
August	.266	.212	.617	155.5
September	.304	.209	.562	....
October	.342	.203	.510	....

I want to thank you for your attention for so long a time. As my last thought I want to make this one appeal: From the standpoint of a person who is more interested in the good of all than in any one particular industry I believe it is appropriate at this time when we are talking so much about this peace conference and about disarmament and about our future military protection to consider seriously our greatest means of national defense—a prosperous and contented agriculture. The history of the World War and other wars has shown that success has been largely a question involving food supply and that our chief hope for recovery lies in feeding the hungry world. The situation in Europe during the war and at the present time shows the penalty of failing to appreciate that fact. America is generations ahead of the rest of the world agriculturally and industrially; agriculturally because of out scientific and educational methods; industrially because of our protective policies. I believe that we should now erect a proper defensive protective tariff that shall give to the American producer of agricultural products the same opportunities for protection that are given to the men engaged in the manufacture of industrial products, so that the things the farmers produce and sell shall have no less and no more protection than the things that they buy. Such a policy will be of greater justice to all and bring greater prosperity for all of our people.

In the production and manufacture of these particular products, poultry and eggs, we have what we can hardly say of any other industry to the same extent, we have the welfare of the American farm woman to consider. It has been estimated that there are more than 5,000,000 of farmers' wives in this country who are responsible for the most part for the production of poultry and eggs, and who are dependent to a considerable extent upon the income from poultry for their spending money and the maintenance of their homes. It is evident, therefore, that anything which affects unfavorably the income of the farmer's wife and children will have a vital influence upon the farm home, and thus upon the welfare and the safety of the Nation.

A large amount of poultry and poultry products is produced by our people in the villages and cities, who will appreciate anything that will enable them to maintain their poultry enterprise as a source of food supply and income. Poultry surveys which have been made in cities and villages of the East show that the poultry and eggs produced within the corporate limits of smaller towns and villages up to several thousand population are frequently sufficient to more than meet the consumption of poultry and eggs of the people living in them. For example, in the city of Ithaca, N. Y., having a population of approximately 15,000 persons, there are over 9,000 hens or a little more than 1 hen to each 2 persons.

Let me assure you at this point that we as poultrymen are willing to "take our own medicine." I am willing, and my colleagues are willing, to pay the extra price on a suit of clothes as 35 per cent duty on the value and 40 per cent on the weight of wool, if necessary, we are willing to pay the extra price of the tariff on wheat from Canada or Argentina or corn from China or any other country, because we believe that in the end we will receive an equivalent in value for the things which we produce that will enable us to pay a higher price, if necessary, for the things which we buy, and that by such a policy

l of us in America can live happier and more prosperous and con-nted lives, can better educate our children, and be better American tizens, and therefore will be better prepared to defend our Govern-ent in peace or war than we can with underpaid agriculture or anufacture, as we find it in the Orient, in Europe, and other coun-ies, where people are working to such a large extent by hand labor id frequently side by side with cattle or mules, and not enjoying e wonderful advantages and privileges which are ours in America. was never so good an American as when I returned to this country id saw that magnificent Statue of Liberty in New York Bay. hen I walked into the customhouse and paid the required amount duty, I did so willingly and was proud of the fact, because I real-ed that much of America's prosperity in the past and ability to cover now is largely bound up in that wise, constructive, defensive licy which up to now has "fostered manufacture by protection and riculture by education," and which now, we believe, should accord e same protection to agriculture that has been for so many years tended to industrial manufacture. The time has come when, not ly as a matter of justice but as a matter of national self-defense, must protect our agriculture by a protective tariff as well as by ucation against the low price of labor and the unequal living con-tions of the people of many parts of the world.

We want New England to buy her grain from the Middle West and populate her farms with chickens more nearly to feed her own popu-ion and the South to produce the products which she is capable of oducing by a diversified agriculture instead of bringing them from her countries, because we realize that the prosperity of each State s to do with the prosperity of the whole Nation.

We believe that America is capable of producing economically all of e poultry and eggs which we consume and to export more than we exporting now. We believe that the large importer and distributor foreign products is the one who principally profits by the products ich are brought into this country, and he does this largely at the pense of the people who produce from the soil or factory, as well as people who consume these products. The main question for us settle is whether we prefer to have American and foreign capital ke profits on products which they can assemble and manufacture re cheaply in foreign countries than they can in America or whether prefer to support the wheels of industry at home or abroad, to ve empty henhouses in America or China, Argentina, or Australia. must ask ourselves which policy will result in greater prosperity America.

I thank you for your attention.

ATEMENT OF B. F. KAUPP, NORTH CAROLINA DEPARTMENT OF AGRICULTURE, RALEIGH, N. C.

Mr. KAUPP. Mr. Chairman, I speak as secretary of the North Caro-a Poultry Association, as chairman of the southern section of the merican Association of Instructors and Investigators in Poultry usbandry, as a southern member of the committee on the protection the poultry industry of the American Poultry Association, and r the poultry section of the Southern Tariff Association.

We of the South are a part of the estimated billion dollar poultry dustry, and as such we ask to speak.

Millions of dollars have been spent in the South, as in other sections of the United States, in the education and in the development of the poultry industry. In 1919, 12 Southern States spent $1,416,4[illegible] in investigational work along agricultural lines, a due amount of which was devoted to poultry investigation—page 89, Work and Expenditures of the Agricultural Experiment Stations, 1919, United States Department of Agriculture—and a similar amount was spent to take these facts through the extension service to the men and women on the land. I might add that a similar amount was spent by the agricultural colleges of these States in teaching our young men and women and another similar amount was spent in the farm life schools of these same States in education along agricultural production lines.

This work has borne fruit and has made our southern families happy, for the bulk of the returns in money in the sale of poultry and eggs has gone to the home, to the housewife, who now has a [illegible] to her to aid her to provide her table and to help clothe and send [illegible] children, the men and women of to-morrow, to school.

While poultry production work is carried on in the South in three ways, namely, commercial poultry plants, the back-town lot, and as a department of the farm, yet the bulk of our southern eggs come from the farm, which may be compared to your small wagonload of wheat, or your small drove of farm hogs, or the small dairy farm. Like these the eggs and the fowls make up a mighty industry.

While this happy situation has been going on, other things have been happening. In far-away celestial China the hens, homeless we are told, by the millions, scavenger their feed, which includes all that they can find in the way of scattered grain and table scraps, and reliable information tells us that human excreta forms part of the foraged food. So foul and polluted are these eggs that while [illegible] was in Paris this last summer my eye caught a short article in a Paris paper, in which my friend, Dr. Martel, at the head of the health work in Paris, found the bacterial study such that he forbade the entry of Chinese eggs into France. We are told that the Chinese hen is not fed wholesome feed as the American hen and hence the eggs are not of as good quality.

A flood of Chinese eggs is ever increasing on the American market. So much so that the southern poultry man, the back-lot poultry keeper, and the commercial egg farm man can not produce eggs profitably unless there is some protection.

In 1913 there was exported from China 20,796,400 pounds of albumen and yolks, and in 1919 this had increased to 80,0[illegible] pounds. The value of this and shell eggs in 1913 was $4,3[illegible] and in 1919 it had increased to $33,883,259—extract from the Supplement to Commerce Reports, December 7, 1920, page 19, Department of Commerce, Far Eastern Division—and from the same report under date of October 7, we find that no less than 95,438,955 fresh eggs were exported from Shanghai during the first half of the year against 20,200,000 for the same period in 1918.

The value of poultry in the farms of 12 Southern States in 19[illegible] was $29,647,500—page 309, Chapter II, Thirteenth Census of the United States Abstract for North Carolina—and at the present values this would be at least $88,942,500; and the 1920 census will swell this amount. This is for farms alone.

It is our public policy to protect the American manufacturer from eap labor and manufacturers of other lands that do not have high ing standards. It is equally just and fair to protect our farmers, io own and operate the factories where the food is produced for ding the Nation, from ruinous competition of other lands. We erefore, in all fairness, ask a fair and proper tariff on foreign eggs, lieving that it is right and just that there should be on eggs and ultry of foreign lands a protective tariff at a rate sufficient to ord the American farmer and his wife a living wage.

Mr. Frank L. Platt in a letter to our Secretary of Agriculture, Mr. allace, as quoted by the American Poultry Journal, of Chicago, 's:

he poultry industry in this country represents small units; the producers are adequately organized, and yet the importance of the egg money to the mer's wife is known to every one who, like yourself, knows agricultural condi- is. No source of income does more to better conditions in the farm home. We st not allow competition from the Orient to continue unrestricted and develop.

We, therefore, to equalize or bridge the differences in cost of pro- ction and delivery between China and the South, ask the fol- ving tariff on Chinese eggs: Eight cents per dozen upon shell gs, amendment to paragraph 713; 8 cents per pound upon frozen gs, amendment to paragraph 713; 24 cents per pound upon ied eggs, amendment to paragraph 713; 4 cents per pound upon ultry, live, amendment to paragraph 711; 5 cents per pound on poultry, dressed, amendment to paragraph 712.

The average price of eggs at Shanghai in the spring of 1921 has en around 13 cents per dozen for shell eggs, according to informa- n on file in Far Eastern Division of Department of Commerce, and, ding this 8-cent tariff upon shell eggs, makes 21 cents per dozen; d 23 cents at the larger markets is about the price of spring eggs in nerica. This advantage, while slightly in China's favor, will come ar breaking even.

In the South much of the feeds must be imported from the West. e price of poultry feeds on the Raleigh market for December, 1921, fair example of southern prices, was: Prepared laying mashes, $4 r 100 pounds; and for grain mixtures, $2.25 to $3.50 per 100 unds. For corn, 83 cents per bushel; for oats, 68 cents per bushel; r wheat middlings, $37 per ton; cornmeal, $43 per ton; and for ound oats, $42 per ton.

An average hen will eat about 80 pounds of feed per year, and at e December prices would be for feed alone $2.60. If the average mmercial hen lays 120 eggs, or 10 dozen, this would cost for feed one 26 cents per dozen eggs. The average unculled farm hen lays t about 72 eggs, or 6 dozen a year.

The marketing costs are as follows:

Marketing costs.

t of egg crate	$0.35
press, Raleigh to New York City	1.43
e per cent for selling (estimate)	.50
Total	2.28
st per dozen for marketing	.075

We are simply asking you to bridge in the difference there betwee costs, but we do not want southern farmers and families living on th Chink standards of living.

I have just one graph, which I would like to refer to briefly t show what the Chinese importations of eggs did last year.

(At this point Mr. Kaupp exhibited to the committee the grap referred to.)

The black line [indicating] represents the price of eggs in 19 It cost us $3 to feed a hen a year in 1920, and by the latter part of 1921 the cost of feed had shrunken 13½ per cent, and on that basis of feed the eggs should sell at 13½ per cent less than they did in 19 That would be the yellow line [indicating].

About the fore part of the year the Chinese eggs that are importe had reached the eastern seaboard, and the latter part of January or thereabouts there was at least one boat load of 400,000 pounds of eggs brought in from China, which was at a time when we were be ginning to get the spring flush, especially from southern hens, an at a time when our American storage people are unloading their storage eggs. On top of this came this heavy importation of Chinese eggs, and instead of going down 13 cents, as you see, the 1st of Feb ruary, the eggs started on a toboggan here [indicating] the latte part of February and made a diagonal slide for two solid months striking far below the line they should have struck according to th cost of production. They ranged 25 cents for four straight month the months when our American farms are producing the most of thei eggs.

Senator SIMMONS. Did you say they sold at 24 cents?

Mr. KAUPP. This is a map, Senator, of New York City. Th data here that I gave is data which has been gotten out by Prof. K of Cornell University, and took the average price for several n mal years on the New York market, for the months of Februar March, April, and May, the four flush months—I did not mean th for the entire year, because the price of eggs varies according to th season of the year. The bulk of the eggs——

Senator SIMMONS (interposing). I was interested in where dur the past year you may have bought eggs at 24 cents a dozen.

Mr. KAUPP. In North Carolina the eggs on many farms on brought 15 cents a dozen, and I have made inquiries recently and fi that in some localities——

Senator SIMMONS (interposing). What part of North Carolin I live in one part of that State, and I did not hear of that.

Mr. KAUPP. You do not have to go very far from Raleigh, bec the Raleigh markets are usually higher than some of the oth markets. Statesville is a low market.

Senator SIMMONS. What are they selling now for at Raleigh?

Mr. KAUPP. They are retailing there at 50 cents, but the produ does not get the retail price. They get about 10 cents less.

Senator SIMMONS. You were talking about the wholesale price?

Mr. KAUPP. I was talking about the wholesale price, and the wh sale price particularly at the time of the year when the bulk of eggs are produced.

Senator SIMMONS. But the consumer buys eggs at retail, and I inted to know if you desired to have the consumers of this country have to pay more for eggs than they are now. I think they are mewhere around 50 or 60 cents now.

Mr. KAUPP. This is a winter month. They went up to 50 or 60 nts.

Senator SIMMONS. They were 70 cents retail, though they may be wn to 50 or 60 cents now.

Mr. KAUPP. They will not be that low in February, March, April, d May, when the bulk of the eggs are produced.

Senator SIMMONS. The wholesaler must make an enormous profit, cause I do not think eggs have been below 40 cents in this country ywhere along this coast at retail for some time.

Mr. KAUPP. In some sections and in the smaller towns in North irolina the farmers are getting 30 or 40 cents a dozen on the farm st now. and they will not get nearly that much when you get the ish season, in the latter part of February, and in March, April, d May. Those are the four months when the bulk of the eggs are oduced.

Senator SIMMONS. That does not signify anything to me. I am inking about what the man who actually buys the eggs has to pay, d you are the first man whom I have heard say that eggs are too eap in this country and that you want to do something to make em higher.

Mr. KAUPP. They are too cheap when they sell for less than cost production, we believe.

Senator SIMMONS. They may be to one person, but they are dear ough to the man who has to buy them.

Senator McCUMBER. Do you consider the farmer is receiving ough when he receives 15 cents a dozen?

Mr. KAUPP. We can not produce them for that.

Senator McCUMBER. Or 20 or 25 cents a dozen, if he got that as an erage the year round; it would still be too cheap, would it not?

Mr. KAUPP. If you allow the Chinese eggs to come in and break e price.

Senator SMOOT. Could I send down to Raleigh and get a case of gs at 40 cents?

Mr. KAUPP. You can in those months when more than 60 per cent our eggs are produced.

Senator SMOOT. I mean to-day?

Mr. KAUPP. To-day, of course, is the time when the farmers are tting very few eggs; that is the reason why they are high in price.

Senator SIMMONS. I see here in the Monthly Summary of Foreign ommerce for the 11 months ending in November, 1921, there were ported from this country 30,505.463 dozens of eggs, of a value of 441.962. In the same document I read that the importation of gs into this country for the 11 months ending November, 1921, ere 2,991,562 dozen of the value of $900,003, eggs dried and frozen. 920.270 dozen of the value of $306,484. That does not indicate any ry enormous importation as compared with the exportation?

Mr. KAUPP. Senator, have you the importations there by month

Senator SIMMONS. I have it here for the 11 months.

Mr. KAUPP. The average for the 11 months?

Senator SIMMONS. No; not the average. I have it for the 11 months ending November, 1921.

Mr. KAUPP. But have you it by the months? The bulk of the eggs——

Senator SIMMONS (interposing). That is the total including all those 11 months.

Mr. KAUPP. But what is going to happen if they send boat load after boat load over here in February and March?

Senator SIMMONS. It is included in this.

Mr. KAUPP. That average has a tendency to dilute this. You can do a great deal of injury to it in a short time—for instance, suppose were 60 days—whereas, if you spread it out it does not seem so serious

Senator WATSON. Do I understand that you hold some official position?

Mr. KAUPP. I am at the head of the poultry work in North Carolina, and I am secretary of the State Poultry Association and a member from the South on the committee on the defense of the poultry industry of the American Poultry Association.

Senator MCLEAN. What does it cost to produce a dozen eggs North Carolina?

Mr. KAUPP. In 1920 it cost $3 to feed a hen a year. The average commercial hen will lay 10 dozen eggs. The average farm hen does not lay up to that mark. That would be 30 cents; but in 1921 the cost is less than that; it is $2.60 a hen, according to our figures, and that would make it 26 cents a dozen. That is for feed alone.

If we market them in New York City it will cost us 7½ cents a dozen. That allows 35 cents for the eggs, $1.43 for the express and 5 cents for selling. It costs $2.28 to market a case of eggs.

Senator SIMMONS. But do not those figures I have just read show you that the eggs that are coming here from abroad are practically all frozen or dried eggs?

Mr. KAUPP. I think approximately 80 per cent come in in a frozen state. I have not the exact figures, but it is in that neighborhood.

Those eggs are used by bakers, and the baker men do not buy shell eggs, and they automatically pull down the whole structure.

Senator FRELINGHUYSEN. You spoke of $33,000,000 being the amount of imports. Does that include the 95,000,000 fresh eggs you spoke of?

Mr. KAUPP. The total value of imports of albumen, yolks, and shell eggs was $4,000,000 in 1913 and $33,000,000 in 1919.

Senator FRELINGHUYSEN. Would that include fresh eggs?

Mr. KAUPP. That includes shell eggs.

Senator FRELINGHUYSEN. Desiccated and fresh?

Mr. KAUPP. And frozen.

Senator SIMMONS. You say, 1919?

ſr. KAUPP. 1919; yes, sir. This was taken from the supplement he Commerce Reports.

enator SIMMONS. How many dozen were imported in 1919?

ſr. KAUPP. I have not got the dozens. I have the albumen and ks; they have not been separated out.

enator SIMMONS. During the 11 months of 1921 the fresh eggs came in only amounted to $900,000?

ſr. KAUPP. That report was 95,000,000 fresh eggs or shell eggs ught into this country. This is 1919, Senator.

CANARY BIRDS.

[Paragraph 711.]

STATEMENT OF C. E. RICHARDSON, WASHINGTON, D. C.

ſr. RICHARDSON. This is a matter so small that it has probably ped the attention of the Ways and Means Committee. I speak for the little yellow canary, the cheerful companion and enterer of children and invalids. This little songster has, through no t of anybody in particular, been classed with poultry, parrots, ridges, and other fowl.

he Fordney bill, at paragraph 711, provides:

rds, live: Poultry, 2 cents per pound; all other, valued at $5 or less, each 50 cents.

here is nothing in this clause that is applicable to canaries; if d as poultry they would not yield enough to compensate for hing them, and as other birds the rate would be extortionate. take the liberty, Mr. Chairman, of suggesting that paragraph 711 mended by inserting, after "all other," the words except canaries, that the free list include "canary birds."

anary birds are imported for their bright, lively music. I was at to say "as pets," but only the males are singers, and only they in demand. Producers, however, will sell song birds only if the haser buys an equal number of females. This increases the nse very materially, because the females cost about one-fourth uch as a male and just as much for freight, care, and feeding.

male canary costs, during the summer months (and a little less in winter) nominally $3.50, but in reality more than twice that sum, n you consider the price of the female mate, and add the freight, ents, and feed and care, 50 for each of them, and allow the rate of 50 per cent as mortality loss. The females are sold for t they will bring, and the losses have to be made up by the sale he singer. The importers, in most cases, are satisfied with a ent profit.

is said that there are 40,000 people in the United States who ve their living from bird stores, and that many such establishts would be forced to close if a duty of 50 cents per bird were ed upon canaries.

r. Chairman, I am not a free-trader. I have never appeared re your committee, nor before the Committee on Ways and Means, pt to advocate what I thought was an adequate protective tariff; I never before had a canary bird for a client; and when I think

of how the little fellow brightens the nursery and cheers the bed-ridden sufferer, forgetful of the fact that he himself had been kid-napped, carried to a foreign country and sentenced to solitary con-finement for life; when I think of the corners that he has brighten- while laboring under the heaviest kind of odds, Mr. Chairman, I fe too much respect for him to insist that he bring 50 cents in his b to pay for the privilege of making our children happier with h cheerful song. For one, Mr. Chairman, I am willing, not to be free trader, Mr. Chairman, but to extend to Mr. Canary the court-sies of the port.

The imported canary is not a competitor with any Americ institution, industry, or trade. None of the finch family and ve few of the canaries will breed in this country. Some tailors an shoemakers, and perhaps a few dressmakers, have raised a brood he and there, which can not exceed in the aggregate 10,000 birds a ye but these, if salable, would not supply one week's demand in t country for canaries.

If any duty is to be assessed against canaries, it should be a ve modest one, and it should, by all means, be restricted to the male. the female, unlike the human family, is absolutely valueless. But country in the whole world, so far as I have any information, M Chairman, has ever put an import tax on a canary or even co templated so doing; and I feel quite certain that you gentlemen w want to see that the bill is corrected so that the people who deal the little songbirds will not have to give up their trade; not only their sake, but that the sources of good cheer may not be entir banished from our land.

FRESH, FROZEN, AND DESICCATED EGGS.

[Paragraph 713.]

STATEMENT OF ADOLPH J. GUNDERMAN, NEW YORK CITY, RE RESENTING THE NEW YORK STATE ASSOCIATION OF MAST BAKERS.

Mr. GUNDERMAN. I represent about all the bakers of the East States east of Chicago, from Maine to Florida, and the New Y State Association. I also represent the master bakers of Manhatt whose representative is unable to be here.

We desire to protest against the tariff on eggs, coconuts, almo walnuts, and filberts. We feel that the tariff ought to be left way it is on all those articles.

Senator WALSH. You mean the Underwood tariff, not the em gency tariff?

Mr. GUNDERMAN. The old Underwood tariff; yes, sir.

The great trouble that we have now—and I am speaking for bakers only—is that they want a cheaper price for their go During the war we got pretty good prices, but it cost us so mu more in addition to produce the goods, and we feel that if you crease the tariff on eggs it will increase the cost of eggs to us as bak and, naturally, we will have to charge that cost to the consu We as retail bakers come closer to the people than anybody, mor

an the wholesaler or the egg handler does. We have to stand the unt of the kicks, and we have stood enough of them for the last o years.

Senator McCUMBER. Have you any method of determining and ring to the committee figures showing the profits of the producer eggs as compared with the profit of the bakers in their business?

Mr. GUNDERMAN. No, sir.

Senator CURTIS. What kind of eggs do you use—seconds?

Mr. GUNDERMAN. We mostly use firsts in the shell eggs.

Senator CURTIS. You use a first-class egg, but they call an egg at is cracked a second, do they not? You use cracked eggs?

Mr. GUNDERMAN. We use some cracked eggs.

Senator CURTIS. And dried eggs?

Mr. GUNDERMAN. Dried eggs and frozen eggs.

Senator CURTIS. Where do you get your frozen eggs from, mostly?

Mr. GUNDERMAN. We buy them through a jobber.

Senator CURTIS. They are imported from China, are they not?

Mr. GUNDERMAN. Yes, sir.

Senator CURTIS. You get your dried eggs from China, also, do you t?

Mr. GUNDERMAN. Yes, sir.

Senator CURTIS. And you also get fresh eggs from China?

Mr. GUNDERMAN. Some.

Senator CURTIS. If you import them do you know what your eggs st laid down to you?

Mr. GUNDERMAN. No, sir.

Senator CURTIS. What do you pay for eggs?

Mr. GUNDERMAN. Frozen eggs to-day will cost you about 30 cents ound.

Senator CURTIS. How much for the dried eggs?

Mr. GUNDERMAN. The dried eggs will cost you about 75 cents.

Senator CURTIS. What do eggs cost you by the dozen?

Mr. GUNDERMAN. The shell eggs cost about 50 cents.

Senator CURTIS. A dozen?

Mr. GUNDERMAN. Yes, sir.

Senator SUTHERLAND. Do you refer to imported eggs?

Mr. GUNDERMAN. No, sir; the State eggs, domestic eggs.

Senator CURTIS. How much do your imported eggs cost you?

Mr. GUNDERMAN. I do not know what the imported shell eggs cost.

Senator WALSH. Do you get eggs from Canada?

Mr. GUNDERMAN. Yes, sir; some. They run about the same price the domestic eggs, as a rule. They are a little smaller eggs.

IEF OF ADOLPH J. GUNDERMAN, REPRESENTING THE NEW YORK STATE ASSOCIATION OF MASTER BAKERS.

In behalf of the retail bakers of the Eastern States, the New York State Association Master Bakers, and all affiliated bodies, we hereby desire to enter a protest against change in the tariff schedule, particularly paragraphs 713–756, relating to eggs, nuts, almonds, walnuts, and filberts, on the ground that any increase in the tariff these goods would reflect from the wholesaler to the retail baker and naturally to consumer, and we feel that the day of high prices is at an end, and for economic ons which you well know we feel that you ought to leave the matter stand as .

STATEMENT OF JOHN M. HARTLEY, REPRESENTING RETAIL BAKERS' ASSOCIATION OF AMERICA, CHICAGO, ILL.

Mr. HARTLEY. The retail bakers collect from the ultimate con- sumer. We are in a position to estimate how any increase in th price of raw material will be received by the consumer. It is in th last transaction over the counter where all customs or duties a received, and passed back from there to reimburse those who ha already paid. That is why I believe you who have the burden finding approximate justice from the apparently conflicting clai of these many witnesses should hear the view of the small baker.

Eggs are part of our daily material. Besides being used in cooki pie fillings, coffee cakes, and other sweet yeast doughs, they are use most heavily in cakes, carrying from 25 per cent of the materia value of the cheaper cakes to 75 per cent of the value of sponge cak angel food, and sunshine cake. Eggs have always been our mo variable cost factor. Not until the development of frozen eggs, and later of powdered eggs, has it been possible for the smaller bakers t carry a fixed egg cost through a season. Even now when we use shell eggs a considerable variance occurs in the price. But the tenden is for a better spring price and a lower midwinter price. I subm that these modern methods of caring for our egg wants has take considerable speculation out of the egg business. No one woul venture to suggest to return to the old method of cheap eggs spring and a prohibitive price in winter.

Following cold storage, freezing and dehydrating have added the ability of civilization to spread the egg harvest over the le productive months. A duty too high will restrict these mode methods. Any restriction at all will reflect mostly to the specula market. Neither production nor consumption will profit, as the ga in the last selling price will accrue to the handling agencies and absorbed before it reaches back to the egg producer. That is com mercial history. Although the housewife uses neither the froz eggs nor the powdered eggs, her interest in the household suppli can easily be affected if our manufacturing classes are serious shortened.

I believe we are about the only ones who use dehydrated, powder and frozen eggs.

Directly, as almond nuts, and indirectly, as almond paste, we sm bakers are large users of these nuts. Irrespective of the claims the domestic growers, we do not, and in many instances can not u the California almonds. In fact, the limited supply of the Californ nuts hinders them from being a regular trade commodity with us are the known varieties of imported nuts that we use. Domestic pr duction is always welcome with our trade when it comes with me and a reasonable assurance of standarized quality and a permanen of supply. We fail to find any reasonable assurance of supply t commercial needs in the future of California production of almond If what I suspect is true, the chief gainer in the prohibitive duty ask by the growers will be the land promoter. In very few sections a they a sure-fire crop, a point not always emphasized by the la sellers. The high duty that you gentlemen will be urged to exte

this commodity will act merely as a subsidy to some very en-usiastic but very questionable promotion schemes. I will submit series of display advertising that run last winter in a Chicago inday paper. They then offered wonderful returns on investment thout high tariff—or perhaps in answer to anticipation. I will do is if I can possibly secure copies. I remembered that they had peared, and I looked through the files of the Tribune in the ashington office last night, and I found a series of display advertise-nts from Paso Robles, Calif., but we will not talk about that now.

Walnuts are also of daily use with us and have been a profitable p with the walnut growers along the coast. Without a prohibitive iff they are an inviting investment where they will thrive. With a hibitive tariff against import competition, they won't thrive any tter on lands or in districts not suited to their culture.

Filberts are not grown to any extent in this country, so it is likely it you will be allowed to use your judgment peacefully in finding air revenue duty.

Coconuts in various forms are a big thing with us and have brought ich revenue to the Government through quantity. I think quan-y usage will serve a useful revenue purpose, and having always car-d some duty, and not interfering with domestic production, it is sible that you will be able to find a rate that will hold quantity ge and return good revenue to the Government.

As a small merchant and coming in contact with the public, I take e of the store every Saturday night, and I know the public. We d out quite a few things. You gentlemen here will hear more of details, but this is one of the things we have found out:

The capacity of people to do without has never fully been measured. who are doing business over the 2-foot counter know how they discipline any trade, any line, or any one article that they feel is ng sold beyond its value. Value is largely a matter of tradition; at they paid yesterday or paid last year. In 1916 the housewives ke the egg market in Chicago by refusing to buy. Last crop year s estimated that about 10,000,000 barrels less of flour was consumed this country.

Flour was higher traditionally than potatoes; potatoes were cheap. ility to do without and the capability of finding a replacement icle will upset all schemes and theories however good. This human ment is what will make your decisions either successful or unsuc-sful both in the eyes of the people and in your Treasury Depart-nt. All down the line from producer and importer, through manu-turer or handler to baker, we are all of small moment. The real s is on the other side of my counter, and it does not pay to forget it she is there.

Gentlemen, I can not offer you—I am not capable—any suggestions. ist merely wish in thinking of this not to allow sectionalism to put remendous weight on the rest of the country.

Senator McCUMBER. I wish it were possible for you to give us a icrete case. A cake, say, will weigh 3 pounds; give us the pounds the material that is used in that, and what you sell it for to the ail trade, or give us some idea of the relation between the material the product on the cost to the consumer.

I know there are so many different kinds of cakes in which you u- eggs in these days, and I could not, not being a baker, give you th- contents of one cake and ask you what it cost you and what you s- it for, and so I would be glad if you could give us some idea along th- line.

Mr. HARTLEY. I can. I could to a small extent from memory no- but if you gentlemen would like I will submit to you our costs on t- regular retail lines.

Senator McCUMBER. I often have to go down here to a baker a- buy a cake, maybe in order to have one for Sunday. I do not kn- how much it would weigh, but it cost a matter of $1.50 to $2. Know- ing something about flour, I would say it contained 5 cents' worth flour, maybe 10 cents' worth of eggs, and 3 cents' worth of suga- and I can not give you the rest, but there is a good deal of differen- between $2 selling price and 25 cents' worth of material.

Mr. HARTLEY. Well, Senator, let me say, I do not do that clas- trade. I am in an apartment-house district. Our two-layer cak- sell for 50 cents, and we always figure in our line that the mater- cost is roughly on the full line 50 per cent of the selling pr- Another 50 per cent is the labor cost, the overhead, rent, and the other things; and I will be very glad to submit you a real, outri- statement of how that works out. Then you can submit it to t- gentlemen in the Bureau of Standards to check up.

Take, for instance, angel food. Angel food is nearly all whit- egg. There is a heavy labor cost involved in making such cakes am not a cake maker myself, and I can not give you the exact figu- but there are the items of labor, sugar, and a little flavoring. Tha- absolutely all there is in that angel cake. In some kinds of cakes whole egg is used. For layer cakes there is a different recipe entir- Fat also enters into that, but the cheapest cake you can make. sells for $1 in an ordinary district—I am not talking about a high-class place—but in the ordinary district where the big bul- the 30,000 or more bakers of this country do business—the ge- cost is 50 per cent of the raw material. If you pay 50 cents f- cake, if it is larger and of a cheaper quality, you may be sure t- one-fourth of the material cost will be in eggs. If it is sunshine ca- you may be sure that 75 per cent of the material cost will be in eggs, because eggs always are our highest and most variable factor. This spring they have been cheaper than they have been a long while.

The small baker has no means of contracting for storage eg- Since frozen eggs have come in—I do not say that I use them. I am too small a baker to use them—but since frozen eggs and powde- eggs have come in, we find the storage people are more read- contract with us, for, say, 25 cases of eggs at $2 down for the win- months, and then permit me to pay the balance at 5 cents a do- carrying charge as they are withdrawn from cold storage. Of cour- we can not raise our price very well. We figure on a level pri- There is nothing that disturbs business more than fluctuatio- prices. In winter, if we get caught, we have to stand for it. paid as high as 70 cents last year, during the winter, we little fel- that did not have much stock, whereas the men who could u-

ons of the frozen eggs would have had those contracted in the spring or 33 cents. Of course, they can buy cheaper in the spring in the helled eggs.

Gentlemen, this is a point I want to emphasize: I believe that the revenue will come to you more through usage than it will through restriction of usage on anything that you wish to take up.

STATEMENT OF C. GORDON WILSON, SECRETARY EGG PRODUCTS ASSOCIATION OF AMERICA.

Senator McCUMBER. Mr. Wilson, you are going to discuss the same subject, eggs, are you?

Mr. WILSON. I am, Mr. Chairman, with your permission. I represent the Egg Products Association of America, which is an association of importers of egg products. I am myself connected with Henry W. Peabody & Co., who are international merchants, exporters and importers.

As importers, we are not going to fall into the natural path of asking free tariff on egg products. On the contrary, we would like to bring about the highest possible duty that these eggs can stand, so that the Government can get the most revenue. We do not say that from any philanthropic motives whatever. The duty is simply a part of our cost, like freight or finance. It is simply added to the other costs and the public has it to pay. There is a danger of getting that duty so high that the public will balk and refuse to buy our commodity. In that case the Government will not receive any revenue from the importations, as we will stop importing. So I think I might say that our viewpoint is analagous to that of the Government, as we are perfectly willing to stand all the traffic will bear, but the minute you have too high a tariff we will lose our commission.

The quality of these eggs has been spoken of before the House Ways and Means Committee, and I wish to say something in regard to that. These dried eggs are nothing more or less than eggs with the moisture driven out through a dehydrating and heating process. They are pure, clean eggs.

Senator CURTIS. Many of those dried eggs are made from the cracked eggs that are not fit for the market but yet are perfect eggs. Is not that true? For instance, the wholesale egg dealer gets in a case of eggs. He finds among them a dozen cracked eggs. Those cracked eggs are good but he can not sell them to the market, and he dries or freezes those eggs.

Mr. WILSON. I should be very reluctant to contradict any statement you make, Senator.

Senator CURTIS. I do not ask you to contradict me. I asked you whether or not that is a fact.

Mr. WILSON. No; it is not a fact. The people who dry these eggs have their agents go out into the interior of the country and buy them. It is probable that some of them may become cracked, and they still use them. But I mean to say that they buy all the eggs they can get their hands on, good, bad, and indifferent.

Senator CURTIS. I know that; but what I am saying also is that the egg dealer sells to the trade these cracked eggs at a lower price.

Mr. WILSON. I am not equipped to give information on that point.

Senator CURTIS. And if he does not sell cracked eggs at a lower price, and finds that he can not get rid of them, he dries or freezes them, if he has the apparatus with which to do that; and if he can not do that, he turns them over to some one who can.

Mr. WILSON. To the best of my knowledge, there are no plants in this country for dehydrating eggs.

Senator CURTIS. They all come from China?

Mr. WILSON. To the best of my knowledge, they do. There were some small plants here, but they have been discontinued; they were found to be unprofitable. These dried eggs are taken to the Department of Agriculture immediately on their arrival here; and we, as importers, have to put up a bond which secures us from running away with these eggs before the Government is through with them. The department takes them and analyzes them in order to make sure that there is no injurious matter contained in them and that they are fit for human consumption. After they are through with them, they release them to us, and we can dispose of them in any way we see fit. If they do not find them proper eggs, we can not bring them in.

Those eggs are not even cold-storage eggs. The cold-storage facilities in China amount to practically nothing. They have not any arrangements for carrying cold-storage eggs. They could not use spoiled eggs. The minute you put one in a run of eggs, it would not make any difference after the eggs were dehydrated; you could still detect it very distinctly from the odor, if from nothing else. The percentage of bacteria would be increased to such an extent that any chemist could recognize it immediately.

The principal users in this country are the bakers and the manufacturing confectioners. The uses for other purposes are so small that the amount used would be negligible. The small baker uses these eggs primarily. The small baker has no facility for preserving eggs and, therefore, if he buys shell eggs he must lose a big percentage because of the fact that they go bad before he can use them, particularly this time of the year. I know that they will keep at least two years without having changed one particle.

Then the confectioner uses the whites of eggs almost entirely. If he buys shell eggs, he has to throw away the yolks. He can buy albumen dried separately. So he has no loss whatever; he has them in the same convenient form so he can keep them indefinitely.

We believe that the home industry should be protected. They can not compete with the cheap Chinese labor. Now, who would be protected if you put on a high tariff? The egg producer of this country gets most of his eggs in the spring and summer months; in fact, the supply of eggs during the spring and summer months by far exceeds the demand, to such an extent that the public can not possibly take over all the supply.

Senator CURTIS. April and May, you mean?

Mr. WILSON. It runs into June sometimes. It varies according to the season.

Senator CURTIS. I come from an egg country.

Mr. WILSON. Well, you are better equipped to speak of that than

But there is a period of the year when the majority of the eggs 'e produced. At that time the public can not consume all of them. he small baker has not the capital with which to buy his eggs at one me. He could not preserve them if he did that. He can only buy s immediate demands from day to day. The same thing is true with spect to the householder. Of course, some of them do, to a small :tent, and put down eggs in water glass, etc. The only people in is country who are able to take up this excess supply of eggs when ey are very cheap are the packers. The packers buy these eggs cheaply as they can get them. They are buying them this year 20 cents. They hold them in cold storage until the market goes), when the fowls are not laying eggs any more. Then they sell em at a fair margin of profit; I believe not profiteering, probably, it at a healthy profit.

Senator SMOOT. What rate do you want? This bill provides 15 nts; the Underwood bill provided 10 cents per pound. What do u want?

Mr. WILSON. There are three forms of eggs: Dried albumen, dried lk, and dried whole eggs. The present law provides 3 cents, 10 nts, and 10 cents.

Senator SMOOT. You want 15 cents per pound and 10 cents?

Mr. WILSON. No, sir; I was speaking of the existing tariff. What was about to suggest was that the yolks be fixed at 7 cents per und, that the whole dried egg be fixed at 10 cents per pound, and albumen be fixed at 12 cents per pound. That is figuring it out an advance of 25 per cent on the present tariff.

Senator SMOOT. Dried eggs how much?

Mr. WILSON. Ten cents.

Senator CURTIS. Do you import shell eggs?

Mr. WILSON. No, sir. When anyone has imported shell eggs he s met with a financial catastrophe. There have been tremendous ses experienced in that.

Senator CURTIS. I do not see how you account for that. In 1914 ey imported eggs from China and sold them in Kansas City at 18 nts a dozen and made money.

Mr. WILSON. How much did they cost?

Senator CURTIS. I do not know.

Mr. WILSON. The man sold them in Kansas City, but I am speaking rely of the importer. My margin of profit is from 1½ to 2 per cent. at is what the importer gets.

The only danger is in getting it too high, so that the public will not y. We believe if you go much above this mark, you will have iched that dangerous point.

It has been stated that it takes three and a half dozen eggs to make pound of dried eggs; and that is true. But when you have conrted them back, you have destroyed certain properties. Certain ysical properties have been broken down, so you have lost a great gree of efficiency, estimated from 20 to 50 per cent.

I think that is all I have to say, Mr. Chairman. With your persion, I would like to file a brief.

Senator MCCUMBER. You may do so.

BRIEF OF C. GORDON WILSON, REPRESENTING EGG PRODUCTS ASSOCIATION OF AMERICA.

The interests which I have the honor to represent are primarily and almost ab- importers. From this statement you will assume that I am going to ask that desiccat egg products be put on the free list, or, failing that, that they be taxed as small a d as possible—that I believe is the general request from importers. But to the contra believing that it is necessary for the Government to raise revenues through imp duties, and also believing that there are certain industries in this country that c not successfully compete with foreign industries of the same general nature. I a going to ask that the duty be placed at such a rate that the Government may rea the greatest possible return in the way of revenue through duties on desiccated e products imported in this country and at the same time give ample protectio the domestic producers in this country. I make this statement from a sense of patri duty. From a standpoint of the business it does not make a particle of difference t interests I represent how high the duty on desiccated egg is put, so long as it is n put so high as to exclude its import, and in this I think that the Government i accord, as should the duty be raised so high as to exclude its import the Governm would then be defeating its own purpose, as there could be no revenue derived such a tariff if there were no imports. We all purchase our desiccated-egg product China, to which cost we have to add the freight to this country, the marine insura premium, and the cost of financing and the duty then existing. In this way we arr at our costs and add our commissions, and so arrive at the price which the public have to pay. Now, if the duty is so great that the selling price amounts to more the public is willing to pay, then there is no sale, and if there is no sale we will n import, and if we do not import then the Government will not collect any revenu far as the duty on this commodity is concerned. If I have made my point clear will then realize that the Government interests and the interests I represent analogous, i. e., we both want the highest duty possible without curtailing the imp and therefore I am anxious to throw all the light possible on this question and every possible assistance to the end that a fair and equitable duty may be levied.

In the first place, the desiccated eggs, which we import solely from China, are simp strictly fresh hen eggs with the moisture driven off. It is not possible to manufact from anything else but strictly fresh eggs, there being no cold-storage facilities availab for preserving eggs in China, and if a single bad egg should be used it would spoil entire run, as it would be easily detected even after the egg was desiccated. The Department of Agriculture holds for inspection every shipment that arrives in the Un States and will not release any shipment until a rigid examination is made an eggs determined fit for human consumption. This in itself is guarantee that desiccated egg offered by the importers for sale in this country are desirable as a commodity, notwithstanding all that has been said to the contrary.

The desiccated egg is used primarily by the bakers and to a small extent by confectioners. Other than these two uses, the uses are so small as to be negligibl The bakers who use the desiccated egg are for the most part the small bakers who ha no facilities for the keeping of shell eggs such as cold storage, and if they are f by a prohibitive price, which can only come about through too high a duty be levied, to use shell eggs it will mean that they will have a serious loss to face thr the fact that they will have to lose a good portion of the eggs which they buy thr the eggs spoiling before they can use them, which loss is of course simply figured the cost of production and is passed along to the public, resulting in the disappeara of the cheap cake from the market, or the use of an egg substitute which ha nutriment.

As to the confectioners, they use only the albumen, or whites of the egg. If t have to use shell eggs it will mean that they have to throw away the yolk, while if t can get the desiccated product they can buy the albumen separated. Right h a big saving caused not by the cheapness of desiccated albumen, but simply by t form it is in. Albumen, by the way, is not cheap and does not find a market th the fact that it is cheap, but by virtue of its form.

From this you will see that there is a danger of putting on such a high duty tha bakers and confectioners can not use the desiccated-egg products, which will re in the importation of desiccated eggs being discontinued, and the Governm being deprived of the revenue.

As for the protective phase of the subject, let us consider who it is that a high d will protect. The poultry farmer gets the bulk of the eggs in the spring and sum months, at which time the egg markets are down, due to the fact that the supp this time of year exceeds the demand. The small bakers throughout the cou are not able to buy up eggs at this time for anything more than their imm

nands. So they benefit very little by the low prices. The poultry dealer can not p them himself, as he is not equipped to carry eggs over until the markets go up, l consequently is compelled to sell at the then prevailing low prices. The packers n come into the market and buy the eggs at the cheap prices and store them in ir cold-storage warehouses and hold them until the winter months, when the supply resh eggs is far less than the demand, with the consequent high prices, of which the kers are the sole beneficiaries, not the poultry producers. Who, then, would a h duty on egg products protect? Government statistics show that the number ggs exported exceed the number imported. On the whole, I think that I am justi- in stating that the protection to home industries phase of the question is negli- e and might well be ignored without damage to the poultry producers, there ıg absolutely no manufacturers of desiccated eggs in this country. The question, refore, resolves itself down to how much duty the dried eggs can stand without pping the importation altogether, and thereby depriving the Government of an reciable amount of revenue derived from the moneys collected as duty on desic- d-egg products.

ı order to determine the maximum of duty that desiccated-egg products will stand, ust be considered entirely on the basis of a separate commodity absolutely isolated ı the shell egg, as its form is so different, the processes which it has to be put through re it can be used by the consumers, the bakers, and its efficiency as compared ı shell egg, that it really can not be considered on the basis of a competing commodity ı shell egg. If the desiccated egg is put out of the market through too high a f, the bakers will use cheap egg substitutes made from starch rather than shell . While it takes about three to three and one-half dozen shell eggs to manufacture und of desiccated egg, it does not follow that one pound of desiccated egg will make e dozen eggs. The desiccating of the egg destroys certain properties of the egg ch makes it less efficient than it was in its original form. Again the efficiency of desiccated egg varies so widely that it is not possible to make a parallel with shell

The only basis for determining the amount of duty that can be levied without ing the importation prohibitive is a practical basis. It is the consensus of opinion the present price without the duty on whole desiccated egg of 35 cents per pound on desiccated yolk 25 cents per pound and on desiccated albumen 50 cents per od is about normal. The ocean freight is about as low as can be expected and ange is about normal, which makes to-day's prices about normal. Add to to-day's es the duty of 7 cents per pound on dried yolks, 10 cents per pound on dried whole , and 12 cents per pound on dried albumen and you have about the maximum es on desiccated-egg products that the consumer will pay or can afford to pay. ı is a tremendous advance over the present duty, roughly 250 per cent, but we rilling that this advance be put in effect, as the business will stand it and the Gov- ıent needs it. If it is put higher it will injure the business and curtail the imports, t cut the imports off altogether, and in turn deprive the Government of revenue it would otherwise receive, and in addition the public would be deprived of lesome food at a reasonable price.

ı conclusion, I beg to state that should the duty be raised above the figures above tioned the result would be that the price would then be prohibitive to the public, interests which I represent will simply sell our stocks, which are already in the ıtry and duty paid, at a handsome profit and discontinue the business, as we all ı have plenty of other business, this desiccated-egg business being only a small of our business, but, of course, we would have to forego the commissions we now in from this particular commodity and the Government would also lose the duties h it enjoys from the importation of desiccated eggs.

TEMENT OF EUGENE H. HICKOK, NEW YORK CITY, REPRE- SENTING THE AMERICAN ASSOCIATION OF THE BAKING IN- USTRY.

Ir. HICKOK. Mr. Chairman and gentlemen, I am Eugene H. kok, representing the American Association of the Baking Indus-. Senator Curtis raised a very important point in the egg- ervation question. The baking industry has been built up in last 10 years to $60,000,000 or over invested in large cake-baking nts, to say nothing of the smaller cake-baking plants. That has eloped on the use of eggs that have been damaged in the packing. Then the egg comes into the egg-packing plant it is sold by the ner as a perfect egg, and in the handling it is checked or cracked—a

percentage of about 3½ to 5 per cent. The farmer is not interest in those checked or cracked eggs; he has sold them; that is th packer's business. The bakers buy those eggs because they are jus as good for baking as the fresh western eggs, and they get them a about 3 cents per pound, or 3 cents a dozen, which is the same thing cheaper than they can get the fresh western eggs.

Frozen eggs are contracted for the whole year, because the bak has to know where he is driving to and he has to know where he i going to be able to get these eggs.

Several years ago when breaking stock began to get scarce, o account of the growth of the baking business, Americans went abr and established factories there for the manufacture of frozen eg from Chinese eggs to supply the bakers. In other words, it wa the baker who did not want to compete with the housewife for th fresh western eggs who started egg freezing in China. It was start as a conservation measure and has resulted in expansion into Chi under American standards for the benefit of the baker and the con suming public.

Senator McCUMBER. The baker did not want to compete with th housewife?

Mr. HICKOK. He did not want to pay the price.

Senator McCUMBER. But he was perfectly willing to compete wi the housewife of the farmer?

Mr. HICKOK. No; I think not. He was perfectly willing to co pete with the packers, because the farmer, who had sold his egg the packers, had lost all interest in them.

To show you that the packer is the one that will be benefited, the detriment of the baker, I will quote from the Federal Trade Co mission's report, Part IV, on the meat-packing industry, page 1 published on June 30, 1919:

> The five big packers are the dominant factor in the wholesale handling of dr poultry and eggs. Estimates by individual members of the trade on the extent which their firms or localities have suffered in recent years at the hands of the pa run from 60 to 90 per cent, and frequently include the expression that for the ter locality they have substantial control. For the country as a whole, trade estim place the quantities of dressed poultry and eggs shipped by the packers in 191 over 65 per cent of the total shipped from producing areas to consuming centers.

Senator SMOOT. Will you tell me just what you are requesting this? Is it the same as that requested by the previous speaker?

Mr. HICKOK. Yes. We are requesting that the frozen-egg tariff not increased——

Senator SMOOT. You mean the Underwood tariff rates?

Mr. HICKOK. No; that they be not increased more than 100 p cent on mixed frozen eggs and on frozen yolks, and that they be n increased more than 400 per cent on frozen albumen over the Und wood bill rates.

Senator CALDER. How much does this bill increase frozen albumen

Mr. HICKOK. That is just what it does. The present bill passed the House does just exactly that thing.

Senator SMOOT. Then, you are satisfied with that increase?

Mr. HICKOK. I am satisfied with that as the last thing that we stand.

Senator SMOOT. In other words, you do not want these rat increased?

Mr. HICKOK. I do not want them increased.

Senator SMOOT. You are satisfied with them as they are?

Mr. HICKOK. I am satisfied with them as they are on frozen eggs; s, sir.

Continuing in regard to the packers' control of this industry, and further show that the housewife is not interested, and that if a rge tariff is placed on frozen eggs it will merely mean that many illions of dollars will be taken out of the baking industry and the nsuming public and paid over to the packers if a high tariff is aced on these eggs——

Senator LA FOLLETTE. Well, do you not call 400 per cent a high tariff?

Mr. HICKOK. I call that high but equitable. In other words, that akes the frozen-egg rate 4 cents per pound. That is what the Ford-y bill has it.

Senator CALDER. What is the rate under the present law?

Mr. HICKOK. Under the present law it is 1 cent on albumen, frozen bumen; 10 per cent ad valorem on yolks; and 2 cents on mixed.

Continuing with the Federal Trade Commission's report, page 140:

> Throughout the country, however, but especially in the great consuming markets New England and elsewhere in the East, there are many concerns conducted under mes other than those of the big packer companies which are not directly subsidiary those companies, but which are owned or controlled by members of families control- those companies. These concerns do not secure all their supplies through the big cker companies or their subsidiaries, but purchase also from independent packers d candlers of dressed poultry and eggs.

The farmer is out of it; he has sold his eggs; and the packer is otected by a high tariff. And if a high tariff is placed on the portation of Chinese eggs, it will merely mean that the level of e checked and cracked eggs will be brought up to the same point the fresh western eggs during the packing season. Therefore e packers will get about 3 cents a pound more for their cracked gs, because after they are broken for freezing they are just exactly good as perfect eggs.

Senator McCUMBER. You say the farmer is not interested; that e only benefit that will accrue at all will be to the packers?

Mr. HICKOK. Yes, sir.

Senator McCUMBER. You assume, then, that knowledge that any antity of eggs may come in at a low rate of tariff will have no fect whatever upon the price that the farmer receives for his pro-ict at the time that he sells it?

Mr. HICKOK. Yes, sir.

Senator McCUMBER. It will have no effect on him?

Mr. HICKOK. You probably have heard that the egg market was oken by the Chinese eggs this spring. I wish to say that during e year 1920, of the total production in the United States, only e shell egg was imported for every thousand that were produced; d that for every thousand that were produced, 15 eggs were ex-orted.

Senator McCUMBER. You say shell eggs. What was the entire nportation of all of the eggs, both the frozen and the dried eggs— ecause they all affect market—what were the importations? tate their equivalent in dozens or any unit you see fit to use.

Mr. HICKOK. I should say probably 3 per cent. These shelled and dried eggs do not compete with the farmers' eggs because not one of them is used as a table egg. It is merely a baker's material, and the only interests involved here, as I see it, are the bakers, who reflect through the consumers, and the packers' interests.

The importation of shell eggs amounts to almost nothing. What broke the market was that the hen out in the country began to lay, and we had an early spring. There were twice as many eggs came into the New York market, and they did not come from China, either; they came from the farms, during the spring months, twice as many as came in the year before, and that is why the market was broken.

Senator GERRY. Do you contend that the only people competing in the importation of eggs from China are the packers?

Mr. HICKOK. Yes, sir.

Senator GERRY. And that, therefore, this raise in duty will only help the packers?

Mr. HICKOK. Yes, sir.

Senator GERRY. And, therefore, it is to his advantage and to the advantage of nobody else?

Mr. HICKOK. Yes, sir.

BRIEF OF EUGENE H. HICKOK, REPRESENTING THE AMERICAN ASSOCIATION OF THE BAKING INDUSTRY AND RETAIL BAKERS' ASSOCIATION OF AMERICA.

DEVELOPMENT OF AMERICAN CAKE INDUSTRY.

Commercial cake manufactured in the bake shops of America is consumed by classes; in fact, the art of cake making in the bakeries has developed in the past years to such an extent that home cake baking has been materially reduced. C is a staple necessary food. It has become an important item in the daily diet of m than 20,000,000 people. Workers in the offices, professional people, and shop work make it an important part of their lunch and dinner meals. This is not a condit of long standing, but has developed in the past decade for the reason that egg produ have become standardized, so that the baker can use them on a large scale in the p duction of cake and get the required richness into the cake to make it both palat and nutritious.

Cake is not a luxury. It is a necessity. If we are to consider that sugar, milk, e and butter are necessities, then we shall have to consider also that cake is a neces Bearing upon this point, there is submitted below for consideration the affidavit Dr. Harry E. Barnard, director of the American Institute of Baking at Minneap Minn.

"I, Harry E. Barnard, being director of the American Institute of Baking at Minn apolis, Minn., Federal food administrator for the State of Indiana, late State food a drug commissioner of the State Board of Health of Indiana, director of the Americ Chemical Society, member of the American Public Health Association, member of t American Association of Chemical Industry and numerous learned and scient societies—late associate editor of the food department of the New York Evening M author of many special papers, dealing with the subject of food and nutrition, do m affidavit as follows:

"I am by experience, both in the manufacture and chemical analysis of c familiar with its composition and nutritive value.

"Cake is a well-known article of diet, prepared from simple basic food mate and generally served as a dessert, or to complete the meal. Cake consists of a mixtu of varying amounts of flour, sugar, butter, and eggs, with or without additional fla colors, and secondary ingredients such as fruits, nuts, etc.

"The food value of cake is determined by the amount of flour, sugar, butter, and e incorporated in the loaf. There is no difference in the food value of flour as used i cake from that of a similar amount of flour used in the manufacture of bread. The food value of the sugar is likewise the same, whether it be used in cake or other fo

ffs. This is also true of the butter and egg. Each of the several ingredients used he manufacture of cake is a staple food. The flour, sugar, butter, and egg, which, en compounded, produce cake, are most important food materials, and furnish necessary food essentials, such as carbohydrates, fat, and protein, in proper form easy and complete assimilation at minimum cost.

The difference between bread and cake lies first in the greater quantity of sugar d in cake. Second, in the use of butter as a shortening material instead of lard or etable oils, and third, in the use of egg instead of yeast, as a leavening agent. use of additional quantities of sugar, as a frosting or icing, still further increases food value and furnishes the sweet so commonly desired at the close of a meal. increasing use of cake is due in part to the fact that it appeals to the palate of the sumer—but still more to the fact that it supplies in such palatable form the food ntials the body requires.

Cake is composed of ingredients of high food value and is a concentrated food, ishing more calories or energy-producing units than bread or more simple comnds of cereals.

It is not a luxury, for its ingredients are staple foods, constantly used in other as on every table. The mixture of these staples in the manufacture of cake does remove the product from the list of staples, nor does the use of these staples in the of cake warrant the conclusion that cake is an unessential food or a food which ld be denied the masses of consumers. On the contrary, the use of cake is conive to the well-being of the consumer, since it furnishes essential and necessary materials in a desirable, attractive, and pleasing form.

Any increase in the cost of the raw material entering into the manufacture of e, or of labor, or of the cost of transportation and distribution is an added burden he family purse and an increase in the cost of living.

"HARRY E. BARNARD.

Subscribed and sworn to before me this 16th day of June, 1920.

"JOHN M. BARBER, *Notary Public.*"

he ingredients that enter into cake constitute a more balanced ration than almost other food placed upon the table. The ingredients are all recognized as wholee food. Up until the time that eggs were prepared in dried and frozen forms ers were greatly handicapped by reason of work required in breaking out the eggs the shell and the fact that they were not at all standard in quality. Musty eggs ld get in and spoil the whole batch of cake dough. The egg stock which is used reparing domestic frozen eggs is not in general the same as appears upon our breaktables. In the handling of eggs it is impossible to prevent breakage, and about 5 per cent of all the eggs brought into the market become checked or cracked in dling. They would not keep in storage nor could they be consumed to advantage n the table as first-class eggs. It is mostly from these eggs, having checked or ked shells,[1] that frozen eggs are prepared in the United States. They are not disered to be damaged until they reach the egg-packing plants, and when they are ed over those that are cracked or checked are separated and used to manufacture en eggs for the bakers.

p to a few years ago the cake business had not developed so as to consume these ked and cracked eggs, and large quantities of them were wasted. Cake sales end upon quality. The bakers have found that when they put sufficient eggs their cake to make it attractive people will buy it, and that has been responsible great extent for the growth of the cake industry. As the bakery cake has become e and more in demand, the supply of cracked and broken eggs from the egg-packing nts of the United States has become insufficient to produce all the frozen eggs reed in the baking of bakery cake and pastry and it has in recent years been found essary to prepare frozen eggs in China to supplement this bakery material.

he product is entirely wholesome whether prepared in the United States or China. United States Agricultural Department has said in Bulletin No. 729, published 918, that frozen eggs are perfectly wholesome up to two years from the time of zing.

ome of the plants established in China for manufacture of frozen eggs are under supervision of Americans who have been sent over there to prepare frozen eggs the American bakers. Several of the same firms who manufacture frozen eggs he United States operate in China also. The same high sanitary conditions are ntained whether manufacture is carried on in the United States or in China. (See

---

[1] ncludes also eggs having soiled shells, undersized eggs, etc.

extract from Report of Commissioner of Agriculture Benson, of Washington Sta[illegible] Appendix 1 of this brief.)

The bakeries of the United States consume from forty to fifty million pound[illegible] dried and frozen eggs per year. Of this the cracked and checked eggs from the [illegible] packing plants of the United States have in recent years furnished about one-hal[illegible]

Frozen and dried eggs from a commercial standpoint are purely a baker[illegible] material. They are in the same category with sugar, flour, butter, and milk. E[illegible] substance constitutes probably the most important ingredient; therefore, the ma[illegible] tenance and the expansion of the cake-baking industry depends upon securin[illegible] adequate supply of frozen and dried eggs at a reasonable price. If the price of in[illegible] dients becomes too high, the resultant increase in the selling price of the cake ma[illegible] it too expensive for general consumption; in other words, people will not buy the [illegible] if it costs too much. Of course, there have been numerous so-called egg substi[illegible] upon the market, which some of the bakers have used to a considerable extent, [illegible] nothing has been found to take the place of eggs in baking cake.

If the bakers are forced to abandon the use of imported frozen and dried eggs in [illegible] manufacture of cake and pastry by reason of increased tariff, it will mean higher [illegible] for wholesome food to the consumer, decreased production for the bakers, and [illegible] enue for the United States Treasury. Unless we can make wholesome and palata[illegible] cake at a low cost, we can not expect to keep up the production which we have [illegible] up by great effort and the expenditure of upward of $50,000,000 in bakeries [illegible] equipment.

CORRECTION OF FALSE STATISTICAL INFORMATION.

There is so much false information being put before Congress by the Pacific [illegible] poultry associations and others that we deem it worth while to review some [illegible] fallacies.

The United States Department of Agriculture has estimated that 1,957,[illegible] dozen eggs were produced in the United States in 1919, according to Agricult[illegible] Department Yearbook for 1919. The importation to the United States during [illegible] whole of 1920 was only 1,708,701 dozen. This, you will observe, was less than [illegible] tenth of 1 per cent of the total egg production. It can hardly be said that one-t[illegible] of 1 per cent of any commodity would be sufficient to materially affect the mar[illegible] In other words, it is a long stretch of imagination to arrive at the conclusion th[illegible] egg imported for each 1,000 produced would affect the market, especially in [illegible] of the fact that fifteen times as many shell eggs were exported as were imported.

The following table shows the importation of shell eggs by months for the year [illegible] and the first two months of 1921:

Imports of eggs into the United States, by months and countries, for the year 19[illegible] January and February, 1921, expressed in quantity.

[Statement prepared by United States Foreign Market Service, Bureau of Markets.]

Countries from which imported.	1920						
	January.	February.	March.	April.	May.	June.	July.
	Dozen.	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*
England				7		31	
Canada	13,843	1,116	1,855	6,147	8,978	7,862	5,70[illegible]
Argentina							
China	174,091	150,042	144,600	102,755	51,300		3,125
British Indies		300					
Hongkong	31,999	16,891	15,251	28,728	27,134	20,979	23,5[illegible]
Japan	15,000	6,000	1,250		25	70	
Australia	37,800						
Total	272,733	174,349	162,956	137,637	87,446	28,942	32,430

ports of eggs into the United States, by months and countries, for the year 1920 and January and February, 1921, expressed in quantity—Continued.

ntries from which imported.	1920—Continued.					1921	
	September.	October.	November.	December.	Total.	January.	February.
	Dozen.	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*
land	....	....	30	....	68	....	....
ada	25,093	49,300	51,394	96,902	276,392	221,176	249,843
entina	....	....	21,000	....	21,000	219,540	51,000
na	....	300	3,000	217,650	846,863	532,195	203,770
sh Indies	....	....	....	....	338	....	....
gkong	7,463	27,026	24,458	28,068	269,567	160,095	26,704
an	....	....	250	62,160	84,755	132,677	98,260
tralia	750	70,422	49,710	51,036	209,718	30	100
Total	33,306	147,048	149,842	455,816	1,708,701	1,265,713	629,677

t will be observed that more shell eggs were imported in January, 1921, than during previous month covered by the table. This is quite logical, as it is the tendency ill commodities to follow the best markets, and with the higher grades of eggs ing at more than a dollar per dozen in January, at New York, and lower grades ing in proportion, it is not at all strange that eggs from Canada and from China uld seek market in the United States.

t can not be said that this quantity of eggs imported in January had any appreci- e effect upon the breaking of the market. When the weather came on warm in uary the hens began to lay, and this produced eggs upon our farms in such quantity t it more than supplied the demand for high-priced eggs and they continued to r in from the farms until the market was entirely broken. In New York the rket was effectively broken in February, when the receipts were 487,209 cases or 516,270 dozen for the month. This was the greatest egg receipts for February in ny years.

otwithstanding the fact that prime shell eggs were selling throughout the United tes in January at something over $1 per dozen, frozen eggs were selling at a lower re than at any time during the previous year; namely, about 30 cents per pound. ll eggs can be substituted and used by bakers for frozen eggs, but involves a con- erable expense, but frozen eggs can not be substituted or fill the demand for shell s. In other words, frozen eggs are not generally used upon the table and are used ost exclusively as a baker's material. If frozen eggs could have been used to e the place of shell eggs, they would have been used this past year to replace ll eggs, which were selling at about $1 per dozen while frozen eggs were selling at cents per pound, representing the substance of approximately a dozen shell eggs.

uch stress has been laid by advocates of high egg tariff upon the importation of ll eggs from China, but it will be seen that during the month of February, in which nth the market was broken, more shell eggs were imported from Canada to the ited States than from China to the United States.

he careful student of the situation would also note that during the year 1920 the ited States exported 26,841,772 dozens of eggs and imported 1,708,701 dozen. other words, our exports were about fifteen times the amount of our imports, the ports being less than one-tenth of 1 per cent of eggs gathered. All the eggs pro- ced in the United States upon farms, henneries, etc., embracing the total eggs hered in the United States are increased only to the extent of one-tenth of 1 per nt by the total shell eggs imported, and after using all shell eggs needed in the ited States we still have for export fifteen times our total imports.

he one factor which influences prices of shell eggs in the United States is the ather. If the weather is warm early in the spring, the hens will lay enough eggs break the market, which is exactly what they did this spring.

he receipts in New York market during March, 1921, amounted to 979,513 cases, ich is nearly double the New York receipts for March of last year.

n this connection it appears that we should examine rather closely the apparent ect, or rather lack of it, which a tariff has had upon egg prices during the past years. At the very best, Chinese shell eggs can compete with storage eggs only, by the time they get over here from China they are themselves storage eggs, ving been in storage for several months.

Below is submitted a tabulation of monthly average egg prices in New York City [illegible] the better grades for the past 25 years, showing also the tariff rates which were in e[illegible]

Year.	Receipts, New York.	Western finest.	Western regular, packed, first.	Refrigerator, first to finest.	Tariff rates.	Im-ports [illegible]
	Cases.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Inc.*
1896	2,59[illegible] [illegible]92	....	15¼	15.00	3	
1897	2,75 33	....	15½	13½	3	
1898	2,64 62	....	16¼	15½	5	
1899	2,71 92	....	19.00	16.75	5	
1900	2,91 18	17.20	17.70	15.00	5	
1901	2,96 49	18.00	17.50	17.80	5	
1902	2,86 09	22.34	20.86	20.97	5	
1903	3,10 34	....	21.02	20.17	5	
1904	3,36 30	26.49	22.66	22.02	5	
1905	3,59 31	....	22.22	22.30	5	
1906	4,09 51	22.00	21.03	19.70	5	
1907	4,42 14	22.95	21.74	20.49	5	
1908	4,11 09	....	22.19	22.27	5	
1909	4,25 20	....	25.03	....	5	
1910	4,37 00	27.00	25.30	25.22	5	
1911	5,01 21	23.24	21.59	20.42	5	
1912	4,72 58	27.62	25.19	25.00	5	
1913	4,66 17	26.48	24.83	23.61	[2] 5	[illegible]
1914	4,76 76	28.23	26.64	26.01	([3])	[illegible]
1915	4,58 18	27.72	25.88	23.47	([3])	[illegible]
1916	4,86 43	31.09	29.41	28.30	([3])	[illegible]
1917	4,35 61	42.07	40.26	37.71	([3])	1,[illegible]
1918	4,98 51	50.77	48.45	44.76	([3])	1,36[illegible]
1919	5,91 84	55.58	53.16	49.22	([3])	1,[illegible]
1920	5,22 51	59.93	57.14	54.66	([3])	1,[illegible]

[1] From statement prepared by Department of Agriculture, Bureau of Markets, Apr. 11, 1921.
[2] And free. [3] Free.

It will be noted that during most of the years in which the high prices prevail[illegible] shell eggs there was no duty on them. It is a mistaken idea to believe under th[illegible] statistical facts that importation or tariff on shell eggs could have any probabl[illegible] fluence upon the price.

The interest of the baking industry require that Congress be not misled by im[illegible]sible statements of facts even though they be honest errors.

The foremost statistician in the egg industry is Mr. Frank G. Urner, of the U[illegible] Barry Co., 173 Chambers Street, New York City, editor and publisher of the [illegible] York Produce Review and American Creamery.

Realizing that the statements presented to Congress by those who are requ[illegible] prohibitive tariff are not founded upon knowledge of the situation, but are mere g[illegible] leading to fallacious conclusions, Mr. Urner has in his publication of April 6, 1[illegible] pointed out some of the fallacies in a rather exhaustive article, from which we h[illegible] quoted in appendix 3 of this brief.

Conclusions have been reached by those advocating high tariff without weigh[illegible] economic causes. Influenced by erroneous statistics, the poultry association[illegible] sent two men traveling over the country presenting their contentions, as to the [illegible] matter, to agricultural conventions throughout the Middle West and have [illegible] by false representations, probably without knowing that they were false, res[illegible] calling for prohibitive tariff on Chinese eggs. They are including frozen and [illegible] eggs in their campaign for no reason at all, and seem to lose sight of the fact that [illegible] and dried eggs do not compete with shell eggs and can not be used as substitu[illegible] shell eggs, being purely a bakers' material.

In trade papers Mr. H. W. Kerrigan, secretary to the Petaluma (Calif.) Chamber [illegible] Commerce, is reported as saying at Peoria, Ill., on March 3, at the convention [illegible] Illinois Poultry Association, as follows:

"In 1914 eggs imported principally from China amounted to $1,000,000. [illegible] the war Chinese eggs went principally to Europe. In 1920 the imports of the U[illegible] States increased $16,255,000 over 1914. Since January, 1921, up to the present [illegible] they figure up to $10,000,000, and it looks like they will reach $50,000,000 for [illegible]

In order that the interests of the bakers and the consumers of bakery products [illegible] not suffer by impression created by erroneous statements, we feel it our duty to [illegible] out the real status of these imports.

The total importations in 1920 of shell eggs from China was 846,863 dozen, which were appraised by the United States customhouse officials at $228,371, instead of $17,255,000 as stated by Kerrigan. Continuing, then, Mr. Kerrigan's statement that since January 1, 1921, to March 1, the imports had amounted to $10,000,000 and would probably reach $50,000,000 before the end of 1921, it appears from Government statistics (see table below) that the shell-egg importation from China amounted to $138,825 in January and $48,242 in February, and that not a pound of frozen or dried eggs were imported from China to the United States in January, and that 295,616 pounds, valued at $52,544, were imported in February. In other words, the total importations of eggs and egg products for January and February, 1921, from China to the United States, including shell eggs, frozen eggs, and dried eggs, amounted to the sum of $239,611, instead of $10,000,000 as stated by Mr. Kerrigan, an exaggeration of something more than 4,000 per cent.

The following table compiled from Government statistics is hereby submitted:

Value of eggs, shell, dried, and frozen, imported from China in January and February, 1921.

[Statistics furnished by Bureau of Markets, U. S. Department of Agriculture. Prepared March, 1921.]

	Shell.		Dried and frozen.		Total value shell, dried, and frozen.
	Dozen.	Value.	Pounds.	Value.	
January	532,195	$138,825	....	....	$138,825
February	203,770	48,242	295,616	$52,544	100,786
Total	735,965	176,067	295,616	52,544	239,611

WHERE IS THE REAL INTEREST IN HIGH TARIFF ON FROZEN AND DRIED EGGS?

A farmer does not produce dried or frozen eggs, and a high tariff on eggs in these forms would not benefit him. When he sells his eggs to the market, he sells them all as shell eggs; in fact, he does not sell checked or cracked eggs to the market, but these imperfections develop in handling. A large part of the cracked eggs from which frozen eggs are manufactured are the property of the big Chicago packing interests. Damaged shells develop at the egg-packing plants, and possibly the Chicago packers are interested in having high tariff on frozen and dried eggs. It would increase the price that they could secure for breaking and freezing stock; in fact, it would entirely exhaust this class of eggs and make a small added demand for first Western eggs at low prices during the spring when eggs are at their cheapest, but not enough to affect the market. The Chicago packing houses would on account of high tariff secure nearly as much for their checked and cracked eggs as the market price for undamaged eggs. This would work off from the market also the checked and cracked eggs which now finally reach the households in the poorer residential sections of the cities at a low price during the spring months, and would take from the poorer classes of city consumers the opportunity to get underpriced eggs.

As conditions now exist, about one-half of the supply of frozen eggs used by the bakers are imported from China. The rest are manufactured in the United States mostly from eggs with damaged shells.

Notwithstanding the many arguments which have been advanced by those in favor of a prohibitive tariff upon eggs and egg products, the bakers of the country feel that we should have certain fixed definite rights, which should not be taken away from us by mistaken sentimental considerations. The total importation of frozen and dried eggs in the United States for the year 1920 was 29,022,572 pounds. The total eggs gathered in the United States is estimated for 1919, by the Agricultural Department, to be 1,957,000,000 dozen and in 1920 more than 2,000,000,000 dozen. Approximately a dozen eggs make a pound of eggs frozen. Therefore, the total frozen and dried eggs imported in the United States in 1920, which was somewhat more than previous years on account of growth of the cake-baking industry, amounted to less than 1½ per cent of the total egg production of the United States. Yet this is what the cake-baking industry relies upon for its life. These frozen and dried eggs, amounting to only 1½ per cent of our egg production, are imported to supplement the supply to bakers at the same price that they pay for domestic frozen eggs which are manu-

factured largely from cracked or checked eggs from the large packing warehouses of the country. If a prohibitive tariff is placed upon frozen eggs it will mean that fresh western eggs would have to be broken to help out the supply to the bakers, and as soon as any great proportion of fresh western eggs are broken for freezing purposes it will mean that all of the domestic cracked and checked eggs will assume practically the same price level as fresh western eggs. Upon consultation with the best authorities in the baking industry upon the economics of the situation, it is contended by some that egg substitutes made of cornstarch, gum arabic, etc., would be used quite extensively as a substitute for eggs in cake baking in case the higher price levels of frozen and dried eggs should be forced by a prohibitive tariff.

People will pay only about so much for a cake, and when you get above that price level they will not eat it. The cake-baking industry has been developed up to a magnitude of total cake production in the United States in 1920 estimated at 300,000,000 pounds, valued approximately at $100,000,000. This industry in itself if segregated from all other manufacture would furnish employment to more than 20,000 persons, which is probably 100 per cent more than were employed in the baking of cake 10 years ago. This growth is the result of progress which the bakers have made during the past few years by reason of better quality. This has been induced by the ability of the bakers to get a free flow of frozen and dried eggs the year round at a level price, and it would have been absolutely impossible to have developed this industry without the importation of Chinese frozen and dried eggs. The economic point of unrestrictive production is quite sensitive, and an addition of even a small percentage in the cost of production of cake, reflected in selling price, is immediately followed by decreased consumption. Therefore, instead of continuing our line of progress, by which we have in the past few years doubled the consumption of bakery cakes, if the tariff on frozen and dried eggs is unduly increased, we shall find that the industry on account of economic conditions is retarding instead of progressing. This in turn will decrease the number of employees necessary and will also decrease the consumption of flour, butter, and milk, in all of which our American farmers are much interested.

It will also detract from the nutritive quality of the food which our office and factory workers will consume for their noonday lunches and dinners. One feature which is outstanding is the fact that in China the eggs used for breaking and drying purposes are not eggs of damaged shells. The natives eat these, and, contrary to our American custom, the eggs of damaged shells are the first to be consumed in China. This is because there are no public cold-storage plants in China and the eggs are brought in perfect condition direct to the egg-freezing plants. Therefore, in reality, the competition is between the fresh "run of the lay" eggs of China and the eggs of damaged shells which develop in the egg-packing plants of the United States.

Since the cracked or checked eggs used for freezing in the United States develop in the egg-packing warehouses, it becomes of interest to ascertain who would be benefited by the creation of an artificial demand for them by a high tariff. I quote from report of the Federal Trade Commission on the Meat-Packing Industry, Part IV, published June 30, 1919, page 133.

"POULTRY PRODUCTS.

"*Section 1. Buying and selling operations of the five greater packers.*—The five greater meat packers, with their affiliated and allied companies, engage in every phase of the poultry products trade. Their operations cover practically every section of the United States and reach even into foreign countries.

"*Buying operations.*—They secure a large part of their poultry products through the poultry and egg buying stations and packing plants which they control. The commission located 102 poultry and egg packing plants which are controlled by them and 247 buying stations through which these plants secure their supplies.

These buying stations and packing plants are located largely in the Middle West, principally in the States of Iowa, Missouri, and Kansas. Some of them are operated by the meat-packing companies direct, and some of them are operated by subsidiary, affiliated, or allied companies. For example, a great number of the Swift buying stations and plants are operated by subsidiary and affiliated companies of W. F. [illegible] Co., a Swift subsidiary, whereas many of the Armour stations and plants are operated by the Kentucky Creameries, Aaron Poultry & Egg Co., A. S. Kininmonth Produce Co., and Nicholson Ice & Produce Co., Armour concerns.

"The locations of the 102 controlled poultry and egg packing plants and the buying stations through which supplies are purchased, with the names under which they are operated and their exact relations to the packers, are given in Exhibit VII.[1]

"The following table is a summary of that exhibit:

[1] Exhibit VII is contained in Appendix 2 of this brief.

ABLE 36.—*Number big packer poultry and egg packing plants and buying stations, grouped by States, 1918.*

State.	Swift & Co.		Armour & Co.		Morris & Co.		Wilson & Co. (Inc.).		The Cudahy Packing Co.		Total, big packers.	
	Plants.	Buying stations.	Plants.	Buying stations.	Plants.	Buying stations.	Plants.	Buying stations.	Plants.	Buying stations.	Plants.	Buying stations.
achusetts	1										1	
York			1						1		2	
Jersey									1		1	
sylvania									1		1	
ict of Columbia									1		1	
	1	1			2	3					3	4
ana	2	4	1	16	1	3					4	23
is	11	31					1	1			12	32
igan	2	9	1								3	9
onsin	1	6	1	3							2	9
esota	2	6	2		1	2	1		3		9	8
	15	71	3	3		1	3		2	1	23	76
uri	6	24	4	6					1		11	30
Dakota									1		1	
aska	2	19	1							1	3	20
as	3	3	6	8							9	11
ucky			1	5							1	5
essee							1	1			1	1
s	1	1									1	1
homa		1	4				1	1			5	2
ado	1										1	
									1		1	
ington		1							1*		1	1
on	1	12							1		2	12
rnia	1	3							2		3	3
Total	50	192	25	41	4	9	7	3	16	2	102	247

It will be seen from the exhibit that in many cases poultry and egg packing plants not given as having any buying stations. In some cases this may be due to the that the buying stations for the plants were not returned to the commission. It is due to the fact that the plants have no buying stations as such, but buy regularly certain country dealers. In many instances these country dealers sell all of their ucts to the packer's plants, and in some cases these dealers are financed by the er plant, and in other cases they buy from producers and sell to the packer plants commission basis. So the packers' plants in reality have a larger number of ing stations than is indicated by this exhibit.

The packer buying stations buy most of their poultry products directly from the ucers. Many of them also buy from country collectors and local grocers who have ht from the producers, and some of them also buy from local poultry and egg pers.

In addition to buying poultry products through their controlled poultry and egg ing plants and buying stations, they also buy as well as sell through their regular ch houses and slaughtering plants. This is particularly true in the Southern s and on the Pacific coast, where they have few specialized poultry agencies. branch houses, like the poultry-packing plants and buying stations, buy from ucers, country collectors, local grocers, and local dealers.

* * * * * * *

ction 2. Position of the five greater packers in the poultry-products trade.—The five packers are the dominant factor in the wholesale handling of dressed poultry and . Estimates by individual members of the trade on the extent to which their firms or localities have suffered in recent years at the hands of the packers run 60 to 90 per cent and frequently include the expression that for the firm's locality have substantial control. For the country as a whole, trade estimates place the tities of dressed poultry and eggs shipped by the packers in 1917 at over 65 per of the total shipped from producing areas to consuming centers. * * * ughout the country, however, but especially in the great consuming markets of England and elsewhere in the East, there are many concerns conducted under

names other than those of the big packer companies which are not directly subsi... to those companies, but which are owned or controlled by members of famili... trolling those companies. These concerns do not secure all their supplies through t... big packer companies or their subsidiaries, but purchase also from indep... packers and handlers of dressed poultry and eggs."

If these recent reports of the Federal Trade Commission are to be taken as auth... we must concede that the chief beneficiaries in a high tariff on frozen and dri... would be the five big packers mentioned in the above quoted report.

The principal losers would be the bakers of the country and the consumers. ... importation were practically cut off the United States Treasury would also be a l... It is quite likely that our foreign trade would be a loser, for if we are to pro... market for our goods in China we must provide also a market for their goods in ... United States.

WHAT THE BAKERS OF THE UNITED STATES WANT.

The baking industry has been developed to the extent that it is now among ... leading industries of the United States in the value of products manufactur... to a few years ago the cake-baking industry was not such an important part as i... now grown to be, but we believe that Congress should think very carefully bef... tears down the development which the cake bakers of the country have made du... the past few years and which has been contributed to largely by their ability to ... frozen eggs from China. One might say, "Why not freeze all the eggs necessary ... the United States?" The answer is that the traffic will not bear the use of dom... perfect shelled eggs at the prices which they command upon the market. In ... that the bakers may keep cake upon the market at a price at which the people ... buy it, they must be able to get their eggs at the price commanded by the ch... and cracked eggs used in the manufacture of frozen eggs in the United State... they must be able to supplement this supply by importation of frozen and dri... from China.

We are willing, and we believe that the country at large is willing, to meet ... tariff problem upon the economic basis of the equalized difference between t... of production in the United States of frozen eggs under present conditions ... cost of importing frozen eggs from China. As heretofore stated, there is n... enough eggs with damaged shells available from the egg-packing plants of the U... States to manufacture the frozen eggs used by bakers. If you cut off the oppor... of the bakers to have this supply supplemented by importation at an equal ... including tariff, you are retarding the cake-baking business to a very larg... and you are also taking away from the poorer people the opportunity to get wh... nutrition in the form of wholesome bakers' cake. The farmers will not be ben... for the real interested parties are the egg-packing companies and not the farm...

It is our understanding that the policy of the administration is to imp... tariff that the cost of production and importation of foreign products shall ... to the cost of production in the United States.

The bakers of the country do not feel that Congress would be helping the ... if it should take millions of dollars out of the development of the cake-baking ... and also from the tables of the consumer to increase the price at which the bi... might sell their cracked and broken eggs, and hence their profits.

Let us meet this question squarely regardless of prejudice. Many exagger... have been put out by the representatives of the poultry associations. T... recognized as exaggerations by those who follow the egg business, and when ... pointed out to Congress they should cease to be a factor in determining the ... of an equitable tariff. In the first place, it is our understanding that Congr... not wish to exclude or place an embargo upon the importation of articles wh... necessary to supply the raw materials used extensively in American manuf... and, in the second place, we believe that Congress desires to fix the tariff at such ... that some revenue may be derived.

In arriving at the relative cost of producing Chinese and American froze... following figures have been gathered by reconciling figures submitted by ... large importers of Chinese frozen eggs:

Additional cost of production in China.

	Cents per pound.
verhead[1]	1½
lditional cost of packing[2]	1
ınese export duty	½
ean freight	2
lditional freight charges in United States from Pacific coast to Atlantic coast	1¼
mger storage carry 3 to 4 months	¾
ecial hazards[3]	1
iendly preference of buyers for domestic stock	½
esent tariff on mixed eggs	2
Total[4]	10½

Thus it will be seen that with the present tariff of 2 cents per pound there is a itural advantage which domestic freezers of eggs enjoy, amounting to 10 cents per und and this has to be absorbed in the difference in price between American breakg stock and Chinese. At the present time (April) the raw breaking stock is selling roughout the Middle West, where the chief egg-freezing plants are located, at about cents per pound. Therefore, applying the above differential of 10 cents per pound this price would bring the necessary equalizing cost in China, under the present riff, to 5 cents per pound representing 1 dozen eggs. My information is that in ina eggs are now selling at 7 cents. Therefore under present conditions American oducers have an advantage of 2 cents per pound, and yet eggs must be frozen in ina to get sufficient supply for American bakers.

The market in China is influenced by the world market, for Japan, England, and her countries also buy eggs in China. Prices in the inland of China are very low, it the expense of getting eggs to sea coast is considerable. Therefore when prices e given in Consular Reports, etc., at 3 or 4 cents per dozen, it means at inland stations. mmissioner Benson's report (see Appendix 1) gives the price when he was there in 20 at 20 cents per dozen, but at the same time breaking stock in the United States is selling at 30 cents per pound representing 1 dozen eggs. This shows that the itural differential in favor of American freezers of eggs with the present tariff of 2 nts per pound was just equalized by the difference between the American cost and e cost in China.

The egg-freezing industry in America is nothing in comparison with the American ke baking industry. Very little labor is employed in breaking out and freezing gs, probably not more than one-fiftieth the number employed in cake baking, and yway it is impossible to expand the egg-freezing industry in America, because actically the entire supply of breaking stock is now consumed by the bakers and the supply of underpriced eggs shipped to the poorer residential centers of the ge cities.

There are no dried or powdered eggs produced in the United States, and therefore e protection of home industry does not enter in the question of tariff. Three and e-half pounds of raw eggs make 1 pound of dried or powdered eggs. The dehydratg process takes away much of the efficiency of the egg, and a pound of dried whole gs will perform the duty of only about 2½ pounds of raw eggs. Much more of the isture is evaporated from the albumen, or white of the egg, than from the yolk.

The dried albumen and dried yolk are to a great extent imported separately and ixed in the United States. The cost of performing the process of mixing in the nited States is about 2½ cents per pound. The present duty on dried albumen about 3 cents per pound, the same as under the Payne-Aldrich bill. The present ty on dried egg yolk is 10 per cent ad valorem, which amounts to about 4 or 5 nts per pound. The tariff bill that recently passed the House makes the rate 15 nts on all dried eggs, whether albumen, yolk, or mixed. This is an increase of 0 per cent on albumen and about 350 per cent on yolks. Of course under the esent tariff law shell eggs come in free, but based upon the relative efficiency of ied eggs to raw eggs, assuming the tariff on shell eggs the same as under the Payne-

[1] This includes extra salary required to send American supervisory help to China and keep them there d larger proportional number of supervisors required to superintend Chinese labor.

[2] Heavier tin cans for packing required for ocean transportation.

[3] Hazards due to silver market, contracts refrigerated space ocean shipments, military operations in ina, lack of public cold-storage facilities in China, danger of damage in transportation, selling part of e year's pack in next year's market, etc.

[4] The above does not include a differential in operating costs in favor of Chinese production on account cheaper labor amounting to about one-half cent per pound, and should be deducted from the above aking a total of 10 cents differential.

Aldrich bill, namely, 5 cents per dozen, the really equitable tariff on dried eg taking into consideration the cost of mixing in the United States, would be 12 cen per pound on dried albumen, 7 cents per pound on dried egg yolks, and 10 cents per pound on dried mixed eggs. Just at the present time powdered eggs are sellin in the United States at prices much less than the cost of production, like many oth food products. As there is no domestic dried-egg industry, no one is injured exce the importers, and the gainers are the bakers and the public consuming baker products. This, however, is an unusual condition and will adjust itself when t supply and demand become adjusted.

In the first place, let it be understood that the cake bakers of America care noth about shell eggs, and if Congress should see fit to impose a prohibitive tariff on sh eggs we do not think that it would be detrimental to the interests of the bake While many small bakers use shell eggs, we do not think that the exclusion of Ca dian, Australian, and Chinese shell eggs would influence the market. But we respectfully ask Congress to preserve the bakers' opportunity to supplement domestic supply by importation of frozen and dried eggs from China. Fact have been established in China by Americans to take care of American bak requirements, and to impose more than an equalizing tariff between the cost of mestic breaking stock (checked and cracked eggs) plus the cost of manufacture a transportation to the cake and pastry bakeries and the cost of manufacture of fro and dried eggs in China plus the cost of transportation to the American cake a pastry bakeries would work an irreparable damage to our industry. It would te to detract from the nutrition of bakers' cake and pastry, to the detriment of consumers, decrease output, and hence the number of persons employed, and crease revenue for the United States Treasury.

The farmers or egg producers would not be benefited by a prohibitive tari they do not sell breaking stock, and the chief beneficiaries would be the big Chic packing interests, which could command nearly the same price for breaking sto the market price of perfect shelled eggs.

Appendix 1.

[Extract of report of E. F. Benson, commissioner of agriculture, State of Washington, coverin China in 1920 to investigate Chinese egg importation.]

Through the efforts of the American consul at Shanghai and the courtesy of th manager of one of the factories I was given permission to inspect their plant, u the assurance that I was not making an "official inspection" but only a personal Much regret was expressed that this invitation could not include the other mem of our party. Probably the reason for such rigid secrecy is a desire to keep t processes of manufacture secret and prevent competitors from acquiring their meth This was unquestionably the reason in the factory I visited, for the manager s to me, "If it were not against the strict rules of this company I should like much to invite some Shanghai people to inspect our operations and see the cl and sanitary conditions here. As it is now I presume they think we are a fa putting out bad eggs in some camouflaged form so as to deceive the public. wish it were possible for me to show them just what we are doing."

Some of the care shown in this place to put out a clean and sanitary prod gests the dangers that may lie in the output of a less careful concern, and espe the small native factories.

1. The eggs are first candled and all bad ones are returned to the shipper a expense. A new idea to me; but why not penalize the seller of bad eggs or other bad product of farm or factory?

2. Of the 300 to 400 employees of this place, about one-half were girls. T 12 at each table broke the eggs—only two into one cup; so if one was bad only eggs were lost. Each girl looked at and smelled the eggs and passed the cup 1 girl at head of table, who judged the cup and dumped it into a big can holding 5 or 6 gallons. Then a higher inspector carefully examined and inspected before it was finally accepted.

3. The health and cleanliness of each of these girls is assured by a constant vision of factory employees and weekly examination by physician. To illu One table was called up for inspection. The girls lined up quickly and as I pas showed both sides of both hands and arms above elbows, opened their mouth showed their tongues and teeth, indicating that they were frequently called u go through this performance.

In an upstairs room, where some girls were sewing sacks, one girl was point as being one of the expert egg inspectors, but owing to a scratch on her hand she not work in the egg room. No one could work handling the eggs who had any

f the skin or a pimple or any indication of uncleanliness or unhealthfulness. The ınitary provisions, such as lavatories and toilets, were all that could be desired in ıy factory at home. I wonder if any native factories are that careful as to help and ļuipment. As to the other foreign factories, I have no information. These girls ork long days—10 or 12 hours—and receive "big wages," more than double the ages they could get elsewhere, in order that the factory should get the best help and ›ep them. These wages were $12 to $15 a month.

Egg prices now are 20 cents per dozen in Shanghai for fresh eggs. This unusually gh figure is because of the Japanese demand this year. At several retail stores I iced them and found the price generally 15 cents per dozen. At interior points, ıere shipping facilities do not bring them into competition with factory prices, eggs w sell at 5 cents per dozen—Shanghai dollar (silver). In our money that would w be a little less than 4 cents per dozen. So the factories are gradually raising the ice of eggs in China. At Hankow, the most important egg market in China, the erage price for eggs in 1919 was 7 to 10 cents per dozen (Mexican), laid down at the ctory wholesale.

APPENDIX 2.

[From report of Federal Trade Commission on the meat-packing industry, Vol. IV, pages 310–319, published June 30, 1919.]

Big packers' poultry and egg packing plants, names of companies operated under, relation of companies to packers, locations of plants by State groupings, and buying stations, 1918.

[Products reported as bought by stations are designated by letters: C.=cream; Ch.=cheese; P.=poultry; B.=butter; E.=eggs.]

Packer interest.	Name of company under which operated.	Relation of company to packer.	Location of plant by State groupings.	Buying stations: Location, and name under which operated.	Buying stations: Products bought.
			MAINE, NEW HAMPSHIRE, VERMONT.		
			Massachusetts.		
Swift	H. L. Handy Co	60 per cent owned by Swift & Co	Springfield [1]	Quincy, Ill. (Davis-Cleaver Produce Co.).	E., B.
			RHODE ISLAND, CONNECTICUT.		
			New York.		
Armour	Cortland Beef Co	Trade name of Armour & Co	Cortland		
Cudahy	The Cudahy Packing Co		New York City		
			New Jersey.		
Do	do		Jersey City		
			Pennsylvania.		
Do	do		Philadelphia		
			DELAWARE, MARYLAND, VIRGINIA.		
			District of Columbia.		
Do	do		Washington		

			Ohio.		
Swift	Swift & Co		Defiance	Napoleon [3]	P., E., B
Morris	The Gray & White Co.	16 per cent of voting stock owned by Morris & Co.	Tiffin	Forest [3]	(3)
				North Baltimore [3]	(3)
				Clyde [3]	(3)
			Kenton		
			Indiana.		
Swift	Swift & Co.		Kokomo		
			Marion		C., P., E.
					C., P., E.
				)	C., P., E.
					C., P., E.
Armour	Armour & Co.		Rochester		B., C., E., P.
					B., C., E., P.
					B., C., E., P.
					B., C., E., P.
					B., C., E., P.
				Bourbon [4]	B., C., E., P.
				Denver [4]	B., C., E., P.
				Fulton [4]	C., P., E., B.
				Kewanne [4]	C., P., E., B.
				Milford [4]	C., P., E., B
				New Paris [4]	C., P., E., B.
				Talma [4]	C., P., E., B.
				Tippecanoe [4]	C., P., E., B.
				Lipton [4]	C., P., E., B.
				Walkerton [4]	C., P., E., B.
Morris	Sherman White & Co.	52 per cent of voting stock owned by Morris & Co.	Fort Wayne	Peru (Sherman White & Co.)	B., C., E.
				Warsaw (Sherman White & Co.)	P., B., E., C.
				Pennville (F. M Whisler)	P., E., B.
			Illinois.		
Swift	Swift & Co.		Decatur	ll)	C., P. E.
	W. H Schreitling	Trade name of W. F. Priebe Co.	Monmouth		P., E., B.
	Martin Schulze	do	Bushnell		P., E., B.
					P., E., B.
					P., E., B
	W. A. Schwartz Produce Co.	do	Lanark	s Prod-	P., E., B.
				e Co.)	P., E., B.
				Stockton (W. A. Schwartz Produce Co.)	P., E., B.

[1] Swift & Co. reported this company as operating a general produce plant.
[2] Name of operating agency not reported.
[3] Products purchased through buying stations not reported.
[4] Names of operating agencies for the stations of the Rochester plant not reported.

Big packers' poultry and egg packing plants, names of companies operated under, relation of companies to packers, locations of plants by State groupings, and buying stations, 1918—Continued.

Packer interest.	Name of company under which operated.	Relation of company to packer.	Location of plant by State groupings	Buying stations.	
				Location, and name under which operated.	Products bought.
			Illinois—Continued.		
Swift	T. D. Winders	Trade name of W. F. Priebe Co.	Aledo	Keithsburg (T. D. Winders)	P., E., B.
	Frank Grampp & Co.	do	Princeton	Manlius (Fred Roake)	P., E., B.
				Neponset (E. L. Mear)	P., E., B.
				Tiskilwa (Chas. Blessing)	P., E., B.
	L. G. Grampp Produce Co.	do	Sterling	Amboy[1]	P., E., B.
				Dixon[1]	P., E., B.
				Franklin Grove[1]	P., E., B
					P., E., B.
					P., E., B.
					P., E., B.
					P., E., B.
	Centralia Butter Co.	Bulk of butter sold through W. F. Priebe Co.	Centralia.		C., P.
					C., P.
					C., P.
					C., P.
					C., P
					C., P
					C., P.
					C., P.
					C., P.
	Morrison Produce Co.	Output sold under contract to W. F. Priebe Co.	Morrison		
	Patterson & Plunkett	do	New Windsor		
			Viola	Preemption (B. David)	P.
Wilson	Altamont Produce & Packing Co.	Operated by Wilson & Co. (Inc.)	Altamont	St. Peter (St. Peter Produce Co.)	P., E., B
			Michigan.		
Swift	Swift & Co.		Alma	Merrill (P. J. Haley)	C., P., E., B.
				Owasso (F. A. Patch)	C., P., E., B.
				St. Louis (Geo. Gray)	C., P., E., B.
				Edmore (Geo. Wager)	C., P., E., B
				Elsie (H. R. Hayes)	C., P., E., B
			Cadillac	East Jordan (F. H. Bennett)	E., C.
				Lake City (Swift & Co.)	P., E., C.
				McBain (Joe Martin)	[illegible]
				[illegible]	[illegible]

		[illegible] Swift & Co. in 1917.	[illegible]	Green Bay [illegible]	Ch., E.
				Marathon [1]	Ch., E.
				Edgar [1]	Ch., E.
				Sturgeon Bay [1]	Ch., E.
				Sawyer [1]	Ch., E.
Armour	C. E. Blodgett Cheese, Butter & Egg Co.	51 per cent owned by Armour & Co.	Marshfield	Grand Rapids [1]	Ch., E.
				Osceola [1]	Ch., E.
				New Richmond [1]	Ch., E.
			Minnesota.		
Swift	Swift & Co.		South St. Paul [2]	Montgomery [1]	(3)
				Cannon Falls [1]	(3)
				Sauk Center [1]	(3)
				Brooten [1]	(3)
				Kenyon [1]	(3)
	W. F. Priebe Co.	100 per cent owned by Swift & Co.	Waseca		
Armour	Armour & Co.		Duluth		
			Mankato		
Morris	Smith-Wright Co.	67.5 per cent owned by Morris & Co.	Albert Lea	Waldorf [1]	P., E.
				Mattawan [1]	P., E.
				Northwood, Iowa [1]	P., E.
Wilson	Wilson & Co. (Inc.)		Red Wing		
Cudahy	The Cudahy Packing Co.		Duluth		
			Minneapolis		
			St. Paul		
			Iowa.		
Swift	Swift & Co.		Dubuque	[illegible]	C., P., E.
					C., P., E.
					C., P., E.
					C., P., E.
					C., P., E.
					C., P., E.
			Keokuk		C., P., E.
					P., B., E.
			Ottumwa		B., C., P., E.
					B., C., P., E.
			Clarinda		C., P., E., B.
					C., P., E., B.
					C., P., E., B.
					C., P., E., B.
					C., P., E., B.
					C., P., E., B.
					P., B., E.

[1] Name of operating agency not reported.
[2] Swift & Co. reported this company as operating a general produce plant.
[3] Products purchased through buying stations not reported.

Big packers' poultry and egg packing plants, names of companies operated under, relation of companies to packers, locations of plants by State groupings, and buying stations, 1918—Continued.

Packer interest.	Name of company under which operated.	Relation of company to packer.	Location of plant by State groupings.	Buying stations: Location, and name under which operated.	Buying stations: Products bought.
			Iowa—Continued.		
Swift	Swift & Co.		Iowa Falls		C., E.
					C., E.
					C., E.
					C., E., P.
					C., E.
					C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
			Clinton		P., E., B., C.
					P., E., B., C.
					P., E., B., C.
					P., E., B., C.
					P., E., B., C.
					P., E., B., C.
					P., E., B., C.
			Creston		C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
				Bedford [illegible]	C., E., P.
				Pickering, Mo. (Walters Mercantile Co.)	C., E., P.
				Maryville, Mo. (Henry Cook)	C., E., P.
				Arkoe, Mo. (R. R. Smith)	C., E., P.
				Barnard, Mo. (A. J. Price)	C., E., P.
				Fillmore, Mo. (T. F. Lilley)	C., E., P.
				Rosendale, Mo. [illegible]	C., E., P.
				[illegible]	C., E., P.

				[illegible]	C., E., P.
				Stanton (E. E. Mullenhoff)	C., E., P.
				Stanton (J. E. Bridges)	C., E., P.
				Red Oak (F. D. McClure)	C., E., P.
				Elliott (Frank Tuttle)	C., E., P.
				Villisca (Lewis Bros.)	C., E., P.
				Nevinville (F. C. Bartlett)	C., E., P.
				Creston (Bassett & Roberts)	C., E., P.
	W. F. Priebe Co.	100 per cent owned by Swift & Co.	Humboldt	Algona[1]	P., E., B.
				Burt[1]	P., E., B.
				Lake Mills[1]	P., E., B.
			Hampton		
	Atlantic Produce Co.	Trade name of W. F. Priebe Co.	Atlantic	[illegible]	P., E., B.
					P., E., B.
				[illegible]	P., E., B.
					P., E., B.
					P., E., B.
	Manning Produce Co.	do.	Manning		P., E., B.
					P., E., B.
	W. B. Parrott Co.	do.	Carroll		P., E., B.
	W. F. Priebe Co.	100 per cent owned by Swift & Co.	Muscatine	Wilton[1]	P., E., B.
	Sac City Produce Co.	Output sold to W. F. Priebe Co.	Sac City		
	Western Packing Co.	Branch of W. F. Priebe Co.	Spirit Lake	Milford (J. M. George)	C., E.
				Montgomery (Mrs. Gergenson)	C., E.
				Harris (Alex King)	C., E.
				Worthington (J. W. Shut)	C., E.
				Sanborn (A. E. Crandell)	C., E.
Armour	Aaron Poultry & Egg Co.	50 per cent owned by Armour & Co.	Creston		
			Leon		
	Nicholson Ice & Produce Co.		Denison	Denison (Berndt & Lorenzen)	C., E.
				Buck Grove (R. Docherty)	P., E., C., B.
				Ida Grove (A. D. Saunders)	C., E.
Wilson	Wilson & Co. (Inc.)		Ottumwa		
			Cedar Rapids		
			Mason City		
Cudahy	Sunlight Produce Co.	100 per cent owned by The Cudahy Packing Co.	Sioux City	Norfolk, Nebr.[1]	P., E., B.
			Winfield	Mount Pleasant[1]	P., E., B.
			Missouri.		
Swift	F. M. Stamper Co.	54 per cent owned by W. F. Priebe Co.	Moberly		E., P.
				[illegible]	C., E., P.
				[illegible]	P., E., C.
					C., E., P.
			Carrollton		P., E.
	H. E. Stone	Branch of F. M. Stamper Co.	Centralia		P., E.
					P., E.

[1] Name of operating agency not reported.

Big packers' poultry and egg packing plants, names of companies operated under, relation of companies to packers, locations of plants by State groupings, and buying stations, 1918—Continued.

Packer interest.	Name of company under which operated.	Relation of company to packer.	Location of plant by State groupings.	Buying stations	
				Location, and name under which operated.	Products bought.
			Missouri—Continued.		
Swift	L. W. Brockman & Co.	Branch of F. M. Stamper Co.	Fayette	Bozarth)	P., E.
	Marshall Produce Co.	do	Marshall	roduce Co.)	P., E.
	A. B. Cole & Sons.	Output sold to W. F. Priebe Co.	California		P., E., B.
					P., E., B.
					P., E., B.
					P., E., B.
					P., E., B
					P., E., B.
					P., E., B.
					P., E., B.
Armour	Armour & Co.		Boonville		P., E., B.
					P., E., B.
			Clinton	[illegible][1]	P., E., B.
			Springfield		P., E., B.
					P., E., B.
				Mountain Grove[1]	P., E., B.
	Aaron Poultry & Egg Co.	50 per cent owned by Armour & Co.	Kansas City		
Cudahy	The Cudahy Packing Co.		St. Louis		
			NORTH DAKOTA.		
			South Dakota.		
Do	do		Deadwood		
			Nebraska.		
Swift	Swift & Co.		Lincoln	Bennet (Farmers' Union)	C., P., E.
				Cambridge (F. Grandstaff)	C., P., E.
				Creston (J. Hamling)	C., P., E.
				Crab Orchard (W. F. Maddon)	C., P., E.
				Dorchester (Farmer Supply Co.)	C., P., E.
				Elmwood (I. M. Liston)	C., P., E.
				Fairmont ([illegible])	C., P., E.
				Firth (H. [illegible])	C., P., E.
				[illegible]	C., P., E.

				Murphy (Lee Lewis)	C., P., E.
				Osceola (Farmers' Union)	C., P., E.
				Union (J. J. Richardson)	C., P., E.
			Columbus	Western (J. E. Nickel)	C., P., E.
Armour	Aaron Poultry & Egg Co.	50 per cent owned by Armour & Co.	Fremont		
			Kansas.		
Swift	Swift & Co.		Sabetha		
			Wichita	Kiowa (Chas. Erskine)	P., C.
				Milton (A. D. Wood)	P., C.
				Woodward, Okla. (H. R. Brockelman)	P., C.
			Hutchinson	Kingman (Swift & Co.)	P., E., B., C.
Armour	Aaron Poultry & Egg Co.	50 per cent owned by Armour & Co.	Fredonia		
			Hutchinson		
			Kiowa		
			Wellington		
			Wichita		
	A. S. Kininmonth Produce Co.	do	Winfield		C., E., P.
					C., E., P.
				rnum).	C., E., P
					C., E., P.
					C., E., P.
					C., E., P.
					C., E., P.
				).	C., E., P.
			Kentucky.		
Do	Kentucky Creameries	Trade name of Armour & Co.	Louisville	Pleasureville (Kentucky Creameries)	P., E., B., C.
				eries)	P., E., B., C.
				eries)	P., E., B., C.
				eameries)	P., E., B., C.
				ieries)	P., E., B., C.
				Cream- eries).	P., E., B., C.
			Tennessee.		
Wilson	Wilson & Co. (Inc.)		Nashville	Portland [1]	P., E., B.
			ALABAMA, MISSISSIPPI, LOUISIANA.		
			Texas.		
Swift	Swift & Co.		Fort Worth	Amarillo [1]	P., E., B.

[1] Name of operating agency not reported.

Big packers' poultry and egg packing plants, names of companies operated under, relation of companies to packers, locations of plants by State groupings, and buying stations, 1918—Continued.

Packer interest.	Name of company under which operated.	Relation of company to packer.	Location of plant by State groupings.	Buying stations. Location, and name under which operated.	Buying stations. Products bought.
			Oklahoma.		
Armour	Aaron Poultry & Egg Co.	50 per cent owned by Armour & Co.	Chickasha		
			Enid		
			Woodward		
	Enid Poultry & Egg Co.	50 per cent owned by Aaron Poultry & Egg Co.	Enid		
Wilson	Wilson & Co. (Inc.)		Oklahoma City	Altus [1]	P., E., B.
			ARKANSAS, MONTANA, WYOMING.		
			Colorado.		
Swift	Swift & Co.		Denver	Stratton, Nebr. (E. L. Strayer)	E., B., C.
			NEW MEXICO, ARIZONA.		
			Utah.		
Cudahy	The Cudahy Packing Co.		North Salt Lake		
			NEVADA, IDAHO.		
			Washington.		
Do	do		Seattle		
			Oregon.		
Swift	Union Meat Co.	100 per cent owned by Swift & Co.	Portland	Junction City (W. F. Nielson)	B., E., P., C.
				Aurora (P. S. Will)	B., E., P., C.
				Yoncalla (C. H. Burkholder)	B., E., P., C.
				McMinnville (D. C. Robbins)	B., E., P., C.
				Silverton (F. C. Dunlap)	B., E., P., C.
				Sheridan (C. H. Hauser)	B., E., P., C.
				Woodburn (C. V. Coynyne)	B., E., P., C.
				Willamina (J. H. Robison)	B., E., P., C.
				Amity (R. R. Mauney)	B., E., P., C.
				[illegible] (L. M. [illegible])	B., E., P., C.

Cudahy	The Cudahy Packing Co.		do	Goldendale, Wash. (Tibbs & Lawler)	B., E., P., C.
			California.		
Swift	Western Meat Co.	78.7 per cent owned by Big Five: Swift, 44.5 per cent; Armour, 2.6 per cent; Morris, 29.9 per cent; Wilson, 1.5 per cent; Cudahy, 0.2 per cent.	San Francisco	Patterson [1] Penngrove [1] Valley Ford [1]	P., E. E. E.
Cudahy	The Cudahy Packing Co.		do		
			Los Angeles		

[1] Name of operating agency not reported.

APPENDIX 3.

[Quotations from an article published in the New York Produce Review and American Creamery, by Frank G. Urner, foremost egg statistician of America, under date of Apr. 6, 1921.]

TARIFF ON POULTRY AND EGGS—A CONSIDERATION OF CERTAIN STATEMENTS MADE IN THE PLEAS FOR HIGH IMPORT DUTIES.

A vast amount of labor has been expended by representatives of the poultry and egg producing interests of the United States in the collection of data bearing upon the industry for the purpose of preparation and dissemination of arguments for the imposition of high import duties on these products when imported from foreign countries. In considering some of the statements made as a basis for these arguments New York Produce Review does so solely in the interest of truth and without consideration, at this time, of the merits or demerits of the plea for tariff taxation for the benefit of the poultry industry or of the effectiveness of the means to the end sought. The Review believes that the consideration of the matter should be based upon facts and not upon fallacies, and regrets to find in the propaganda matter, and even in the briefs prepared for congressional use, some erroneous statements and unwarranted deductions.

Before taking up a consideration of these, attention may be called to rather a curious assumption of unity of interest, in respect to high import duties, among the States and Canadian membership of the American Poultry Association in a "Statement of the situation" issued by that body. In this, after enumerating important contributions by the association to the welfare of the poultry industry of the United States and Canada, it is stated that the association is now confronted with an equally important opportunity for promoting and protecting that industry in both countries by influencing legislation, in part to secure a tariff on poultry and eggs entering the United States from abroad. It would be interesting to know how the association can group together the interests of its Canadian and State membership in this way. It is true that we do not ordinarily import many eggs from Canada, as we did years ago before they were shut out by the McKinley tariff, as Canada's needs have grown faster than her production and she buys large quantities of eggs from us. But she does, at times, ship us a good deal of live poultry, and if it is deemed wise to shut this out by a suggested tax of 4 cents a pound the association might better undertake the propaganda frankly as regardless of its Canadian membership, rather than make the specious claim that it is done to "promote the poultry industry of the United States and Canada."

In a brief prepared by Arthur M. Geary, attorney for Pacific Cooperative Po... Producers, it is made to appear that egg markets in the eastern part of the United States were demoralized by the quantity of Chinese eggs sent to the Atlantic seaboard last winter after importation at Vancouver. Mention is made particularly of two shipments, one of 28 cars and one of 31 cars (a total of about 30,000 cases). In support of the declaration as to the demoralizing effect of these shipments press items are quoted from various parts of the country, reporting egg prices having fallen early in February to the lowest point for several years. Some of the statements quoted are erroneous, but it is a fact that egg prices have fallen this year, during the early part of the flush season, to a point lower than at any time since 1916, when the abnormal rise incident to the war began. The fallacy consists chiefly in attributing this fact to importations of Chinese or any other foreign eggs. As a matter of fact, the (approximately) 30,000 cases of Chinese eggs referred to (and a few thousand more) were scattered at various eastern markets, but at New York the total importations of shell eggs from China, Japan, and Argentina last January and February reached about 3... cases. During this period New York received and consumed nearly 800,000 cases of eggs in addition to about 135,000 cases of storage eggs carried over from 1920, so that the total quantity of foreign shell eggs received in the city during that time was only a little over 3½ per cent of the total and about the quantity needed for two days' average distribution. Moreover, the foreign eggs were nearly all of qualities that did not compete with any but undergrade storage stock, and to intimate that the radical decline in prices—which was really due to unusually heavy winter production of domestic eggs and to a general shrinkage of all food values—was the result of these comparatively trivial importations is evidently fallacious.

The brief says: "The shipments of Chinese eggs demoralize the eastern markets where the surplus of the eggs from the Pacific coast is marketed," and goes on to state that "the weekly sales of Pacific coast eggs in New York City amount, during this season of the year (February), to 15 to 25 carloads a week."

It is worth while, perhaps, to compare the addition to New York's egg supply from the Pacific coast with that from foreign countries. Only four years ago New York receipts from the Pacific coast were trifling; in January and February this year they amounted to 110,000 cases of high-grade eggs, competing for the best classes of trade

t Mr. Geary attributes to some 30,000 cases of foreign eggs received at New York ing this period the "demoralization" of values. But really it was not even the wth of supply from the Pacific coast in the New York market that led to the radi- y lower price levels; their total quantity in January and February was only about per cent of New York's supply. As a matter of fact, egg prices fell in all parts of country proportionately—or as nearly so as usual. New York, or any other sec- al market, can not be forced by importations or any other cause, except tempo- ly, below a parity with values at its chief sources of supply, and the total impor- ons of foreign shell eggs into the United States in January and February of this r could not have been more than a small fraction of 1 per cent of our national egg ply; the effect upon price levels must have been insignificant.

he brief of Mr. Geary devotes many figures to the cost of egg production on a typical mercial poultry farm in Oregon, arriving at a calculated average cost of 40 cents a en. If that is the true cost or an approximation of it, on the poultry farms of the ific coast which have grown to such importance during the past few years of rela- ly high prices, it will take more than an exclusion of foreign eggs to maintain a itable and substantial foundation for the development. In the period 1900 to 1916 latter year being the last before the United States entered the war, the highest age value of eggs at New York for any year was estimated at 26 cents a dozen in . The average value of fancy qualities, such as the product of specialized poultry s should be, was higher than that by perhaps 2 or 3 cents. But if the egg product iversified farming, which provides a very large majority of our egg supply—perhaps uch as 90 per cent of it—at a cost of production which, prior to the war, sustained an extent equal to the needs of the people without considerable importations at age annual wholesale prices in terminal markets ranging 26 cents downward, the ialized poultry farms will as we approach final readjustment of values find hard ding unless they can get their costs far below the present calculations, even if orts should be totally excluded.

he Review points out fallacious statements contained in "A Brief Favoring a ff on Eggs, Egg Products, and Poultry," by members of a subcommittee of the mittee on defense of the poultry industry of American Poultry Association, of ch committee Prof. James E. Rice, of the College of Agriculture at Ithaca, N. Y., airman.

n regard to paragraph 12 of the summary the statements do not agree with the evi- ce given by men experienced in the Chinese egg trade. Although it is true that na occupies practically the same degrees of latitude as the United States, we have r received any importations of Chinese shell eggs except those that left China in late fall and winter, reaching this country between December and early March. he statement that eggs are produced in China from "scavenger hens" is denied by men who have been in China and observed the matter. Hens are more or less avengers" anywhere if they are allowed to be.

TEMENT OF RALPH D. WARD, NEW YORK, N. Y., REPRESENTING WARD BAKING CO.

enator WALSH. Please state your full name.

Ir. WARD. Ralph D. Ward.

enator WALSH. What is your position with the Ward Baking Co.?

Ir. WARD. I am second vice president of the Ward Baking Co., r York City. Our product is bread and cake.

enator WALSH. Your company has many factories and is engaged that line of business?

Ir. WARD. Our company has 16 different factories and we are nufacturers of bread and cake. It is in relation to our cake busi- s that I desire to speak, with particular reference to the proposed ff on frozen eggs.

enator CALDER. Mr. Ward, please put into the record the different es where you manufacture.

Ir. WARD. I will do that. The Ward Baking Co. manufacturing nts are located in Boston, Providence, New York, Brooklyn, wark, Pittsburgh, Cleveland, Columbus, Baltimore, and Chicago.

With particular reference to the cake business, I desire to speak on the proposed tariff on imported eggs.

Senator WALSH. Your product is well known all over the East and distributed in all directions into every city and nearly all towns in the East daily?

Mr. WARD. I should say, Senator, to about 60 per cent of the population of the United States.

Senator WALSH. What is your output?

Mr. WARD. We produce in excess of 1,000,000 loaves of bread a day and at least a half million cakes a day on the average. That business fluctuates, but we are by far the largest manufacturers of cake in the world, of the particular kind of cake that we make, and we use a large part of the imported eggs that come into this country.

The CHAIRMAN. Mostly dried eggs?

Mr. WARD. No, sir; we do not use dried eggs. They are froz[en] eggs.

The CHAIRMAN. Where do these frozen eggs come from?

Mr. WARD. The frozen eggs come from China and United Stat[es] and the new tariff proposed an increase in the rate, which increa[se] has been suggested by the California association, upon the prese[nt] rate, of 2 cents to 8 cents per pound. This is excessive and reall[y] entirely uncalled for, because the frozen eggs imported from Chin[a] are not at all in competition with the shell eggs or the amount [of] frozen eggs handled in this country. The eggs that are frozen [in] China are prepared and refrigerated in establishments operated [by] Americans there. It is an American enterprise in China, a great[er] part of which, by the way, has been prompted through our sugg[es]tion and our cooperation with the American egg companies who ha[ve] gone to China and set up these very large factories.

Senator McCUMBER. What is the imported price of those eggs?

Mr. WARD. The imported price of those eggs is practically [the] same as the American price, about 25 cents a pound.

Senator McCUMBER. That makes about a dozen.

Mr. WARD. That makes about a dozen, 25 cents per dozen. T[he] American price is about the price of the Chinese egg, and the additi[on] of this tariff to the cost of Chinese eggs would practically wipe [out] China as a source of supply and would not be of benefit to the Amer[ican] market, because that will be absorbed by the packers of t[he] United States. That is proven by the fact that domestic a[nd] foreign eggs are kept at a price level. The eggs that come into th[is] country from China are just as perfect as American eggs, perhap[s] a trifle better, because they are packed from whole fresh eggs, wh[ile] the American frozen eggs come largely from eggs slightly crack[ed]. The packing houses lay aside those slightly cracked, so that if any[]thing the imported eggs are better, and you have a little mo[re] assurance that they are in perfect condition for the cake manu[]facturer. Cake has grown to be a staple product and not consider[ed] a luxury. Through the tremendous volume that we are able [to] handle we are able to give the public a cost price which makes [it] very attractive, and it has subtracted from the American housew[ife] in a big way a lot of domestic work and has relieved the women [of] a large burden, and so has created an industry which is well wor[thy of] recognition.

Now, we use frozen eggs exclusively in our manufacture. We o not decry other forms of eggs, but it is a more accurate and a ore certain ingredient than any other type of egg which we can se. If we were to endeavor to handle fresh eggs and cracked ggs there would be a great quantity of other ingredients spoiled rough musty and spoiled eggs, which can not be detected until ey actually get into the cake dough that is being mixed. As ou start the mixture going the musty egg is detected. In that way is method we have of using frozen eggs places that responsibility tirely on the manufacturers of frozen eggs and relieves us of at.

The total importation of eggs into the United States, which are sed exclusively by bakers, is less than 1 per cent of the egg production of the United States.

Senator CALDER. You are speaking now of frozen eggs?

Mr. WARD. Yes; of frozen eggs.

Senator McCUMBER. You mean, the importation of frozen eggs mounts to about 1 per cent of the frozen eggs produced in the nited States?

Mr. WARD. No. One per cent of all eggs laid in the United States. rozen eggs are not competitive with any other form of eggs in the ountry. They are used entirely by bakers and do not compete ith any fresh shell eggs.

In the California association, or any other representative body of roducers of eggs, they have places where they can send cracked ggs to be frozen and packed in American freezing establishments, ust as they do in China; but they are not able to supply the needs, nd freezing offers a means of preservation for eggs which are broken n the handling of them in the ordinary market in the United States y an American industry. So that this incoming of Chinese or other oreign imported eggs simply supplements a gap which has not yet een filled in the American industry, and it is not at all competitive ith ordinary eggs, because they are used entirely by baking establishments. In our own company we use about 9,000,000 pounds nnually, which naturally makes it a selfish interest; but aside from hat there is no real justifiable reason for the tariff proposed, so we trongly urge that the rates be maintained by making a 2-cent pecific rate. To raise the cost of imported frozen eggs by a tariff f 8 cents would shut out frozen eggs, and if the tariff were placed at cents per pound it would practically leave them where they are.

Frozen eggs which come into this country come from American nterprise in China, and there seems to be no reason at all that has ver been presented, as far as I can learn, why this duty should be aised.

Senator WALSH. I notice from the table furnished by the Tariff Commission that we export twenty times as many fresh eggs as we mport, and do not export any frozen eggs, which would bear out your statement that the domestic supply of frozen eggs is not ufficient.

Mr. WARD. That is correct. That is only about one-half of what we need.

Senator CALDER. What is the present price of frozen eggs?

Mr. WARD. The present price of frozen eggs is about 25 cents per pound.

Senator CALDER. How has that averaged up for the last two years?

Mr. WARD. That has averaged up pretty closely. I should say that was a pretty good average price. I have known the price to run below 20 cents, and I have seen the price when it was up to 40 cents, but I should say that was a fairly average price.

Senator CALDER. Is that what you are paying for them?

Mr. WARD. Yes; 25 cents a pound.

Senator CALDER. What is the price to-day of domestic frozen eggs?

Mr. WARD. The price of domestic frozen eggs is about the same. Those prices are kept exactly at a level. If there is an impost duty on foreign eggs coming into this country, the American industry will just absorb that difference, because it all goes into the Chicago packers. They have the industry in their control, and by adding this amount, you will add just that much to the selling price of American frozen eggs. The American public will not benefit at all, nor will the farmer.

Senator WALSH. Is the Chinese egg of superior food quality?

Mr. WARD. No. The Chinese egg is just the same as the American egg in content of proteïn and albumen.

Senator CALDER. Is it small or larger?

Mr. WARD. Perhaps a little smaller.

Senator CALDER. But not much?

Mr. WARD. Not much.

Senator SUTHERLAND. Do you prefer the Chinese egg on the ground of superior quality?

Mr. WARD. No, sir. Their qualities are just about the same as the qualities of the American egg.

Senator SUTHERLAND. I thought you said they were preferred.

Mr. WARD. I said they were largely preferred by us because in the Chinese egg-freezing establishment they use whole eggs, and in America they use cracked eggs. There is more certainty of a hundred per cent in the eggs coming from China.

Senator CALDER. Do I understand they are shelled and then frozen, shelled first or shelled afterwards?

Mr. WARD. The egg is first cracked and dropped into a receptacle, the white going into one part and the yolk passing into another part. The labor that does this gets very dextrous. The egg is inspected and if found all right is dropped into a receptacle where the eggs accumulate up to about 30 pounds, in some instances 35 or 40, but at the average 30, and during the time these eggs are being cracked the can into which they are put gets filled up to the top, it begins to freeze, and in a few hours that can is frozen completely and they are put in large refrigerating establishments in China, and then they are sent down on refrigerating barges to the harbors and put in ships and brought over here. In other words, that egg is frozen within an hour from the time it is cracked until it reaches here, and has retained every property of the original egg.

Senator CALDER. And it is kept in refrigerators until used?

Mr. WARD. Absolutely; it is in a frozen state until used.

I would like to submit a brief, which goes a little more into detail than I have had time to do here.

Senator MCCUMBER. All right.

3RIEF OF RALPH D. WARD, REPRESENTING WARD BAKING CO., NEW YORK, N. Y.

Cake is a staple food in the daily diet of more than 20,000,000 people, and the manu- acture of commercial cake has been largely developed in America in the past eight ears. The Ward Baking Co. is the largest manufacturer of cake in America and has ake bakeries in New York, Brooklyn, Chicago, Boston, Pittsburgh, Baltimore, leveland, and Newark.

The Ward Baking Co. began the manufacture of cake upon an extensive scale about ight years ago, and its production of cake has grown every year since that time. ur company has several million dollars invested in cake-baking plants and machinery nd we are vitally interested in this tariff on account of its effect upon our investments.

In former years the bakers had to rely upon shell eggs, and this was a great handicap, rst, by reason of the fact that the bakers could not rely upon the quality, as musty ggs would get into the dough before they were discovered and spoil the whole batch, us making a considerable waste. Then, too, when the baker has to rely on shell gs, he never knows what his cake is going to cost to manufacture, on account of the ct that eggs constitute the most costly ingredient in cake, and prices depend upon the se and fall of the market. For instance, if the baker had to rely on storage eggs at this me in the manufacture of cake, the price of cake would be much higher than it now . We sell a fine Ward's cake for your table at about 25 cents per pound, and we aintain that considering its nutritive value, with the possible exception of bread, it the very best food that so small an amount of money will buy. It is far from a xury. Its food value is determined by the amount of eggs, butter, sugar, and flour ed in making it, and you would not consider any of these as luxuries, nor could you nsider cake a luxury; it is an every-day household food.

We use frozen eggs exclusively in the manufacture of our cake. Some of this is ozen in the United States and some in China. That which is frozen in the United ates is prepared from checked and cracked eggs, which imperfections develop at the g-packing plant. Those frozen in China are made from the regular perfect-shell ozen eggs, which are brought in to the egg-freezing plant in Shanghai and frozen and epared under the most careful sanitary conditions, with American supervision. hese plants have weekly physical inspection of all employees by physicians.

When our cake business had begun to grow, about 1915 and 1916, H. J. Keith & ., of Boston, who had supplied a large part of our requirements from domestic eaking stock, informed us that there was getting to be a scarcity of these checked d cracked eggs in the United States for the manufacture of frozen eggs. We there- re realized that it would be to our advantage to lend our cooperation by buying rt of our requirements from the foreign packed frozen eggs to supplement the pply available in America. Accordingly the Keith Co. went to Shanghai and tablished an egg-freezing plant to care for a part of our requirements. Then, too, had to know from year to year about what our eggs were going to cost us, for the ason that we make our business plans considerably in advance, and the business ll not stand sudden changes in prices, etc. Our egg contracts are made in the ring and cover the egg requirements of our company for the coming year, there- e in this way we are able to calculate our costs for some time in advance.

It is my understanding that during the past season it was much more economical, en under the present tariff of 2 cents per pound, to manufacture frozen eggs in e United States than to manufacture and import them from China. We must have pply of breaking stock available in the United States supplemented by importa- n at a reasonable price. If the baker is to keep cake upon the market at a price which people will buy it, he must be able to get his frozen eggs at the price com- nded by checked and cracked eggs used in the manufacture of frozen eggs in the ited States. He can not sell low priced cake and pay high prices for eggs. There e not half enough eggs with damaged shells available from the egg-packing plants the United States to manufacture the frozen eggs used by bakers. A raise in the ty of frozen eggs means a raise in the price of cake, decreased production, and a crease in the employment of men.

The total importation of frozen eggs into the United States which is used exclusively the bakers is less than 1 per cent of the total egg production in the United States. e frozen egg is purely a baker's material and can not be used in competition with ell eggs. The importation of frozen eggs does not affect the price of shell eggs for e reason that frozen eggs and shell eggs do not compete. For instance, right at this ne when shell eggs are selling on the market as high as $1 a dozen, frozen eggs are lling as low as 25 cents. It takes a dozen of shell eggs to make a pound of frozen eggs. the baker had to rely upon shell eggs to-day, he would be out of business and unless u let the bakers supplement his supply of frozen eggs by importation, you are going make him pay such a price for his frozen eggs in America that it will kill the business.

People will pay only about so much for commercial cake and when you get above that price level they will not buy.

While it may be true that eggs have been selling very cheap in China early the past spring, during the breaking season, they were also selling at a low price in America at that time. In 1920 they were selling at 20 cents per dozen in China, but I understand that there is about 10 cents additional in the cost of packing and importing which has to be added to the China product on account of added costs of production and importation from China before you can compare the Chinese cost to the cost of production in America. Therefore, any addition to the present tariff of 2 cents will, I understand, shut out frozen eggs and in that way make the price of frozen eggs higher in America and decrease the manuafcture of cake. To be exact the present tariff is 1 cent per pound on frozen albumen and 10 per cent ad valorem on frozen yolks and 2 cents per pound on frozen mixed eggs.

The total importation of frozen eggs is about 18,000,000 pounds. Ward Baking Co. alone uses about 9,000,000 pounds per year, some of which are frozen in America and some abroad.

Therefore, gentlemen, I wish to ask you in the interest of the cake baking industry to allow the tariff on frozen eggs to be placed at 2 cents per pound, which is somewhat higher on the whole than the present rate but very much lower than is being asked by the California Poultry Association. We hope that this committee will not be influenced by extravagant statements of the poultry association which do not realize that frozen eggs do not compete with shell eggs.

STATEMENT OF C. E. RICHARDSON, WASHINGTON, D. C., REPRESENTING DEALERS IN FROZEN AND DRIED EGGS.

Senator McCumber. Please state whom you represent.

Mr. Richardson. Mr. Chairman, I represent the dealers in frozen and dried eggs in the United States.

Senator McLean. We went all over that this morning. Was not that gentleman who spoke speaking for your industry?

Senator McCumber. He spoke for the other side.

Mr. Richardson. He spoke for the bakers.

Senator McCumber. He covered that all very thoroughly, but I understand Mr. Richardson will be very brief.

Mr. Richardson. Yes; I will be very brief. It is assumed with us you will in your next tariff bill put a duty upon shell eggs, and it is upon that assumption that we are recommending certain rates which the traffic will bear. We are not asking for a reduction of the present rate, but we are asking that a rate of 7 cents a pound be put upon dried eggs, and all the component parts, including yolks and albumen, each, and 2 cents a pound on frozen eggs, and all their component parts, and that means a little increase over the present rate where the different parts are separated.

The rates, however, in the Fordney bill, are 50 per cent to 400 per cent increases over the Underwood bill rate. The western bloc rates, the rates recommended by the witnesses of the so-called western bloc recently, are from 140 to 700 per cent increases over the present rates, and that would make the importation of frozen and dried eggs absolutely prohibitive.

Senator Watson. You represent the importers?

Mr. Richardson. Yes, sir. The business of providing frozen and dried eggs is not strictly competitive. Those products do not compete with the shell egg of the domestic producer, because they are sold only to manufacturers of cakes and pastry and such things. The frozen eggs go largely into cake, and the dried eggs are used in pie and in some kinds of confectionery. They have not displaced the local product of shell eggs, the domestic eggs, because they have

nply gone into manufactures as raw material and have permitted e bakers to increase their line of industry, and to that extent they rved to make cake and pastry cheaper and to provide the consumer th what was formerly considered a luxury but has now beme a necessity. This increase of production has of course been of l to American labor and has resulted in the employment of a great any more men and women and automobiles and horses. These oducts are not sold even in the same market as shell eggs. They ve different channels of trade. They are sold directly to the conmer, the manufacturer, as a raw material, and they do not go to the market.

Senator WALSH. If they did not import frozen eggs would they t have to use the shell eggs?

Mr. RICHARDSON. They could not.

Senator WALSH. Why?

Mr. RICHARDSON. I will reach that, Senator, in just a minute. In ct, the tremendous present bake-shop industry is due to the imrtation of frozen and dried eggs into this country, and it has eated an industry that did not exist before. These products are sential for bakers, first, because the quality is uniform. It is the me the year round. The supply is uniform. The baker knows at he can get his eggs whenever he requires them. He has a conact which is made annually, and he knows to an absolute certainty at that supply is ready for him and at a uniform price that is made e year round. It is not affected by the ordinary fluctuations, and fact, it does not fluctuate much from year to year.

The bakers require these goods because of their convenience. As r. Ward said this morning, they could not conveniently have a partment established for breaking out these eggs. I heard Mr. ard's father say before a congressional committee a year ago that would be impossible for them to establish such a department as rt of their business, because it would mean so much detail that ey simply could not give it attention.

The establishments where this is done are ventilated by fans, so at if they ever run across a poor egg the entire establishment is ickly and thoroughly ventilated, and every implement that has en used in that respect, or in the establishment, which has come contact with even a musty egg, is immediately sterilized, and the nerican baker can not have any such establishment as that. If could not get the frozen eggs and the dried eggs at a reasonable te, he would simply have to reduce his output and deprive conmers of the cakes and pies to which they have become accustomed. e would simply have to draw in this line of his business and cut it certain features which are now very important.

In closing, Mr. Chairman, I would like to suggest that any tariff at is put upon these commodities should be exclusive of the coniners. Frozen eggs come in tin cans, American made, and before ie contents are removed the cans are destroyed for any other use. he top is cut off, because those eggs are frozen solid.

The dried eggs come in wooden boxes that are tin lined, and the n lining is made in the United States, and that lining has to be stroyed before the contents can be used.

One thing more is that it should be a specific duty, because in nporting these articles from the Orient it is difficult to establish the

value in the country of origin. That has led to a good deal of injustice. There is one other point, that all the parts of the egg should be at the same rate of duty. Otherwise it is possible for unprincipled importers to import goods called yolks of eggs, and still have them accompanied by enough albumen so that they can be placed in the market as entire eggs, which is an imposition upon people who would like to conduct an honorable business and could not compete with that sort of thing.

Senator WALSH. Have you prepared an amendment showing what you want? Perhaps that would be more likely to get results.

Mr. RICHARDSON. I shall do that in my brief.

Senator McLEAN. I read in the newspaper the other day that these dried eggs were unwholesome; that dried eggs imported from China were unwholesome, because in the drying process some metal was used, and that the egg absorbed some metallic substance. There was a very long article in the newspaper, condemning dried eggs imported from China.

Mr. RICHARDSON. I doubt if that can be substantiated in any way, because those eggs are inspected by United States inspectors on entry for importation, and they are given absolute care in the process of evaporation. The Department of Agriculture has expressed itself frequently as being entirely satisfied with the quality.

STATEMENT OF THE NATIONAL BAKERS' EGG CO., NEW YORK CITY.

The present import duties upon the products under consideration are as follows: Evaporated egg whites, or albumen, 3 per cent per pound; evaporated egg yolks, 10 per cent ad valorem; evaporated eggs, 10 per cent per pound. The bill now under consideration proposes a straight tax of 15 per cent per pound on any of these products.

Eggs in the shell are not at present taxed; and unless a tariff duty is levied on that commodity it would be unjust and inconsistent to ask producers of the evaporated product to pay. If, however, it is the will of Congress to tax imports of eggs of all kinds, we have the honor to recommend the following amendment:

Paragraph 713, line 5, strike out "15 cents per pound" and substitute "7 cents per pound net." This will increase the revenue from whites and yolks, although slightly decreasing that from the entire eggs, but it is a very fair compromise of the three. It will increase the revenue, while it will also prevent the evasions whereby the Government has been tricked under the present law.

It is difficult to understand why such a wide distinction has been heretofore made between the egg and its component parts. An egg is made up of equal parts of white and yolk, and their separation does not change their nature nor their relation to commerce. In preparing the yolk it is a physical impossibility to rid it entirely of albumen, and it is, of course, possible to allow more and more of the albumen to adhere to the yolk, so that nearly the entire egg can be imported as yolk, and the Government is thereby defrauded of revenue, while honest importers are handicapped by unprincipled competitors.

It was stated before your committee by Mr. Harry Lewis, November 10, 1921, that the dried-egg industry in this country has been ruined by the importation of Chinese eggs in various forms. This, however, is misleading, for the cause was not as stated. As a matter of fact, meat packers of this country practically control the entire situation, even to the prices obtained by American farmers. There was one evaporating establishment in this country, but the packers' control became so absolute that the concern discontinued its operations. However, our company is able to secure and to furnish the evaporated product to American consumers at prices low enough to enable them to increase the volume of goods manufactured without perceptibly affecting the local market for domestic shell eggs. Our trade is, therefore, supplied with wholesome materials for their industry without interference from the so-called "meat trust." A high tariff duty on evaporated eggs would not help the farmer, but it would help the meat packer. A reasonable tariff will permit us to remain in business; it will at least reduce the packer control to a point where competition

possible. The alternative would prohibit further importations, and leave the manu-:turing bakers and the consuming public more than ever at the mercy of the packers.

Testimony offered before your committee November 10 contained slurring refer-ces to the quality of evaporated foreign eggs? As is well known to every member Congress and the entire reading public, it is impossible to import foodstuffs into is country without thorough inspection and a certificate from the Department of riculture, giving abundant assurance that the imported commodity strictly con-ms to the high standards of excellence required in this country. This should solutely refute such scurrilous insinuations, without further argument; but we uld present facts in detail if it were necessary.

The Fordney bill now pending seeks to increase the rate on dried whole egg 50 r cent, on yolks nearly 400 per cent, and on whites 500 per cent. We believe :h increases are without the slightest justification. The need of revenue is recog-:ed, and we believe that our proposed amendment will yield more income than it proposed by the Ways and Means Committee. As hereinbefore stated, our oposed advance in rates on whites and yolks justifies the small reduction on whole s, and the uniform specific rate will simplify the administering of the law.

There can be no advantage gained by a reckless increase of import duties on raw iterials used in American manufactures of food products. It is shown by the itimony of Mr. Ward and of Mr. Richardson, submitted to your committee on De-mber 13, that evaporated eggs and frozen eggs are not sold in the ordinary channels trade and that they are noncompetitive with American products. Excessive ties on these commodities can only result in the advance of prices to be paid by the nsumer to the trust, without any corresponding advantage to the farmer; and the tes proposed by some of the interested parties before your committee November 10 uld destroy the entire industry of which we are a part and eliminate all revenue m this source, besides depriving the public of this defense against extortionate ices now afforded (in a measure) by imported eggs.

As an aid to American industry the evaporated egg has performed a valuable serv-e, and can further serve in that capacity by furnishing work for American hands d in the extension of American enterprise. Evaporated eggs are used by bakers d confectioners in making pies and some types of candy. So dependent are these nufacturers upon this product that many of them would be put out of business if e supply were withdrawn. The supply is uniform, the quality always perfect, d the price subject to little or no fluctuation. Were our customers obliged to pend upon domestic shell eggs many of their lines would have to be abandoned, eir business would be seriously hampered, and the quality of their products would unhappily changed. Most of us can still remember the time when, before evap-ited eggs were in the market, many of the bakers' products tasted principally of sty eggs and had to be overseasoned with sugar, vanilla, nutmeg, and other condi-ints to disguise the unavoidable consequences of using eggs drawn from the ordinary urces.

The evaporated-egg products to which this discussion relates are produced ex-sively in foreign countries and form a part of that commerce which the United ites is striving to build up with China. It is especially desirable that our commerce uld draw from China as many as possible of the noncompetitive commodities in change for the big trade that we hope to enjoy in the Chinese market.

As to classification, we would recommend that "dried egg albumen" be eliminated m Schedule 1 or given the same rate as in Schedule 7, for it is identical with what known as "whites of eggs." As to the administrative features, we believe that only cific duties should be placed on egg products. The foreign value of these commod-es can only be approximated, no fair basis for an ad valorem duty being available. ud and deceit are very possible under an ad valorem duty, and they have undoubt-ly been practiced in the past.

TATEMENT OF THE JOHN LAYTON CO. (INC.), NEW YORK, N. Y.

We are engaged in the business of importing frozen eggs, frozen egg yolk, and frozen g albumen.

Eggs in the shell are admitted duty free, but the following duties are imposed upon en-egg products: Frozen eggs, 2 cents per pound, plus weight of container; frozen g yolk 10 per cent ad valorem; frozen egg albumen, 1 cent per pound.

The bill now pending before your committee proposes a duty of 4 cents per pound all three of these products, including the container. We have the honor to recom-nd that this bill be amended as follows: Strike out of paragraph 713 "4 cents per und," and substitute "2 cents per pound net."

This recommendation is offered under the assumption that a duty will be laid upon shell eggs; but, otherwise, frozen eggs should be admitted free, as the latter, being raw material for use in manufactures, have a better claim to a place on the free list than the shell eeggs which actually compete with the domestic product. We ask that any rate imposed be upon the net pound, because the containers are usually material exported from the United States, and they have to be destroyed in order to remove the contents.

The present duty of 10 per cent ad valorem upon egg yolks is incongruous, as its value, upon which to base an ad valorem duty, is problematical, and any such law might lead to innocent undervaluation or invite fraudulent misrepresentation. It is needless to remind your committee that the penalty is practically the same in either case. In addition to that, we submit that egg yolk is a part of an egg and should be treated the same. The proportions of white and yolk in an entire egg are approximately 50–50.

Egg whites, or albumen, now taxed at 1 cent per pound, should also be rated the same as the entire egg, as its source, preparation, shipment, and sale are in no way different from the mixed ingredients. Further, it is pointed out, it is possible to include much of the albumen with the commodity imported as yolks, and to thereby violate the spirit of the law. Hence a specific rate of duty upon net weights of all three of the egg products is recommended as a just requirement, as a preventive of fraud, and as a safeguard against innocent error; provided, of course, that shell eggs are also taxed.

The rate proposed by the Ways and Means Committee of 4 cents per pound on all three classes of egg products would mean an advance of 100 to 300 per cent; and if allowed to stand will seriously curtail the importation and sale of these commodities and result in reduced revenues to the Government, with unnecessarily increased cost to the baking industry.

The witnesses produced by the so-called "western bloc" asked for a rate of [illegible] per pound on each of the three classes. We have no hesitation in saying that this rate would be absolutely prohibitive and would stop all importations of these commodities into the United States, as well as eliminate all revenue to the Government from this source. It would also curtail much of the present baking industry in the United States and seriously affect the quality of many products of that trade. Reference is made to the testimony before your committee of Messrs. George Ward and C. E. Richardson as to the necessity for frozen-egg products in the manufacture of certain commodities which have become necessary articles of American diet.

There appeared before your committee a gentleman from the Petaluma Association who quoted a report from Paris that Chinese eggs are not suitable articles of [illegible]. We take the liberty of quoting below an article which appeared in the October number of Health Notes (London), published by the Institute of Hygiene, which absolutely refutes the slanders that have from time to time been industriously circulated by interested parties, as follows:

"FROZEN EGGS AND THEIR CHARACTER.

"A statement, originating from Paris, has been circulated throughout France, where protective interests are very strong, that Chinese eggs, which are imported into Europe packed in kegs and in a frozen condition, are dangerous and contain large numbers of bacteria. The statement has appeared in English journals under such alarming headlines as '36,000 microbes in a spoonful,' and is evidently calculated to deal a mortal blow to European importers of frozen eggs and thereby benefit local farmers. Frozen eggs are used to such a large extent in industry, in the making of cakes and biscuits, that it would have been a very serious matter, indeed, from a public health point of view had it been proved correct that they are harmful. We have recently, however, conducted a very careful and stringent bacteriological examination of Chinese frozen eggs and, for the purpose of comparison, examined ordinary shop-sold 'new laid' eggs simultaneously and on the same lines. The new-laid eggs were [illegible] of good size, and are classed in the trade as first grade. The results of our examinations proved without the possibility of doubt that the frozen eggs were not only as good as the new laid, but were actually very much freer from bacteria when opened and even up to 24 hours after opening. It is, perhaps, not usually appreciated that eggshells are porous, permitting of the passage of bacteria. Figures in bacteriology, also, do not mean much to the man in the street, but just a few details of our comparative examination will indicate the nature of the results. The frozen eggs [illegible] opened in a room temperature of 20° C. contained 5,200 bacteria per gram, while the initial number in the new-laid eggs was 4,200,000. After 24 hours the frozen eggs contained 830,000, while the new laid contained 48,000,000 bacteria per gram [illegible]

emperature of 37° C. the results were equally satisfactory and likewise in favor of the rozen eggs. A number of bacteria in eggs are probably rendered ineffective during he process of baking. In any case, however, we have proved that the statement sued from France is altogether unreliable and misleading, and that frozen eggs are ot only safer to use than commercial eggs, but safer, also, than guaranteed new-laid ggs bought in the open market.

As a further guaranty of the purity of our products, we beg to call attention to the ict that all eggs and egg products imported into the United States are inspected and assed by the Department of Agriculture before being allowed to go into interstate ommerce.

Egg products imported by us and our competitors are of the highest grade; they re prepared from selected eggs, scientifically graded by operatives who have been killfully trained in the work. These products have been in use by the largest and est bakers in the United States for the 12 years last past.

A very large portion of the entire baking industry relies upon the imported egg roducts, which are better adapted to bakery uses than shell eggs. They are safer, ore convenient for use, and of unvarying high quality; the supply is regular at all mes of the year, and the price is less susceptible of fluctuation than in the case of hell eggs.

This commodity not only furnishes bakers a ready-to-use material for use in manu- cturing, but it leads to the production of larger quantities and numerous varieties f cakes, which are sold at popular prices to people of all classes, some of whom were eprived of this luxury before the frozen-egg industry brought cake into its present eneral circulation.

Not only does the imported frozen egg aid in furnishing employment in a com- endable industry, but it releases for table use the shell egg of domestic origin ithout unduly depressing or enhancing the price of the latter.

The bakers in the large commercial centers are the sole users of imported frozen ggs, and the growth in the use of that commodity in this country has been marked y an active extension of the bakery business, whereby more men, women, horses, nd trucks are employed; and we are justified in believing that we are constructively iding American industry without any of the compensatory national losses that usually ccrue to the importation of a competitive product.

This brings us to the question of competition, upon which import duties often epend. Our prices are more nearly level than are those of the domestic produce ealer, and as they are at some periods of the year above those of shell eggs and wer at other times, the question of competition is not considerable. At any rate, t will be observed that, while the use of frozen eggs has been on the increase for the ast year or two, and the importation has necessarily increased, the value and cost f domestic shell eggs have not been visibly affected thereby.

The only suggestions that we can offer as to changes in the phraseology or administra- on of the law have already been made, i. e., that all three of the frozen-egg products e given the same rating, and that a net rate of specific duty be substituted for all d valorem adjustments now required.

BLACK AND SILVER FOXES.

[Paragraphs 715 and 1507.]

TATEMENT OF F. E. MUZZY, REPRESENTING LIVE SILVER AND BLACK FOX GROWING INDUSTRY, SPRINGFIELD, MASS.

Senator Walsh. What is your business?

Mr. Muzzy. Fur farming.

Senator Walsh. You were not heard before the Ways and Means Committee of the House?

Mr. Muzzy. No, sir; I think I am the only one to report on para- raph 715, although we could have had seventy times seven, and I could alk to you seven hours if you had the time and the patience. But if ou will give me seven minutes to supplement a brief which I have repared, which is very clear and short, I would appreciate it.

Senator Walsh. Proceed.

Senator La Follette. You will get the time.

Mr. Muzzy. Inasmuch as high-quality breeding stock, such as horses, cattle, sheep, swine, etc., have been admitted into this country free of duty for many years, the fox raisers did not for a moment think the silver black or the black foxes would be made an exception of, hence did not appear before the House committee as a body when this section of the tariff was under consideration.

A very few, through ignorance or misrepresentation, presented data to the House committee which was so warped, and not denied that the subcommittee proposed a duty of $350 per head on all foxes imported into this country.

Senator McCumber. Will you explain why they assessed such an enormous figure on the poor little fox?

Senator La Follette. Possibly in the interest of another fox.

Mr. Muzzy. Yes, sir; because of a very few who wanted to fix the price so high, and there is a scarcity of foxes in this country—they are raised in captivity, you know; it is the captive fox—that it would stimulate the price of their own raising, $350 per fox or $700 a pair.

Senator Walsh. I think if you will allow him to proceed with his statement——

Mr. Muzzy. I have that all covered here.

Senator McCumber. I had not noticed that big figure before, and it was surprising to me.

Senator Walsh. Silver foxes are luxuries.

Mr. Muzzy. Among the statements made was that Canada imposed a duty of 25 per cent on all foxes shipped from this country into Canada, while it is a fact no duty is or ever has been required, but foxes can be shipped from the United States into Canada free of duty.

They also stated that 90 per cent of the fox breeders in the United States were in favor of this duty, and I honestly believe that 75 per cent of the fox breeders of the United States do not want the present tariff disturbed—it is to-day 10 per cent ad valorem.

What the honest and up-to-date fox breeders want is to improve the quality of the present stock and be permitted to procure high quality breeding stock for breeding purposes and prohibit the importation of inferior stock for breeders.

Senator Smoot. What do you pay for silver foxes?

Mr. Muzzy. They range all the way from $500 a pair—they sell in pairs—up to $3,000 a pair, according to quality, just as cattle. You buy a cow according to quality. The average price is about a thousand dollars a pair.

There are two fox breeders' associations in the United States, one at Boston and one at Muskegon, Mich. I belong to them both and never heard anything of the proposed tariff until too late to appear before the House committee, hence my request to appear before you to-day.

A very few fox men got together and to serve their own selfish interests thought a $700 per pair duty on foxes would enhance the value of their stock, some of which is of a very inferior quality, and shut out Canadian importation.

Senator Walsh. What do you mean by "foxes"?

Mr. Muzzy. Foxes for breeders. All honest leading fox breeders know and admit that Canada has, as a whole, very much superior animals to those in the United States. Take, for instance, Prince

Edward Island, Canada. They have been raising silver foxes in aptivity on this island for some 30 years, have been culling out the oorer animals until they have to-day the best average quality of ilver foxes of any group of ranchers of the world.

In the United States it is an infant industry, and to bring up the uality of the American foxes it is necessary to improve quality reeders and these are needed in the United States to-day.

Foxes are raised for their pelts, which sell all the way from $100 to 1,000 per pelt. It costs practically as much to raise and feed the 100 pelt fox as it does the $500 or the $1,000 pelt fox, and it is the quality" fox that the American wants, and why give this growing idustry a knock-out blow in its infancy?

As to the revenue for the Government, the quality of foxes imported r exported will never cut any figure. As statistics show, approxiiately 1,000 foxes were imported in 1920, on which a duty of 10 per ent was paid.

Three hundred and fifty dollars duty per fox would cut the imporition down to not over 200 animals, which would mean not to xceed $70,000 revenue.

They are not a prolific animal, and the records on Prince Edward sland show for the past five years an average of a trifle less than two ups growing to maturity per pair foxes for the year.

What the leading fox men of this country want to-day is to amalamate the two associations into one organization and unite with anada on a standard that will be accepted by both Governments, nd admit high quality animals for breeding and show purposes free f duty, and this can and will be done if you do not disturb the present ariff and allow the fox men to work out their own salvation, which hey will do if you let them alone, and not handicap the majority by cting on the request of a very small minority.

There is not enough quality stock in the United States to supply the emand for breeding purposes. Canada had this needed stock of igh quality breeders, and to put a high tariff on the importation of reeding stock will give a knock-out blow to a young and fast-growing idustry that we should encourage and not discourage, for a raise of uty would prevent the prospective rancher from going into business nd only temporarily help a few to the disadvantage of the many.

There is not a surplus of foxes in the United States and Canada at he present time. If they were all pelted, the pelts would not glut he markets of the world, hence I beg of you not to do this industry an njustice and seriously injure it when it is just getting on a healthy oundation in the United States, and it would not add to our revenue.

The worst feature of the whole subject is paragraph 1507, which dmits all breeding stock into the United States free of duty "except lack or silver foxes."

The Bureau of Animal Industry has put into effect a quarantine rder which prevents unhealthy or diseased foxes from coming into ur country. They can also put restrictions on the importation of nferior animals, as Canada now has a fox studbook, and the honest ox breeders of both the United States and Canada are anxious to have ealthy quality foxes given free access to and from both countries.

There are to-day many prospective ranchers who want to enter this ew industry in the States of Pennsylvania, Ohio, Wisconsin, Michi-

gan, and Illinois, as well as all the northern States, such as Minnesota. North Dakota, Montana, Idaho, Washington, and Oregon.

In this proposed bill, paragraph 715 discourages them and paragraph 1507 would absolutely prohibit the importation of breeding foxes and handicap the new rancher from starting in this new business.

Paragraph 1507 makes a specific exception of silver-black foxes which means an embargo on the importing of even high-grade quality foxes which we so badly need to-day.

Senator SMOOT. You only import breeding stock?

Mr. MUZZY. Only import breeding stock.

Senator SMOOT. What you want is in paragraph 1507, on page 174 the exceptions taken out of that paragraph?

Mr. MUZZY. That is all.

Senator SMOOT. So as to strike out "except black or silver foxes!"

Mr. MUZZY. Yes.

Senator SMOOT. In other words, to come in here free under the law, but the exception is made in paragraph 1507 of "black or silver foxes," and that is what you want stricken out?

Mr. MUZZY. Paragraph 715 discourages them and paragraph 1507 would absolutely make a specific exception.

Senator SMOOT. That is what I said.

Senator LA FOLLETTE. These words were slipped in?

Senator SMOOT. That is what you want out?

Mr. MUZZY. Yes. As paragraph 716 raises the duty on foxes from 10 per cent ad valorem to 15 per cent ad valorem or an advance of 50 per cent, this advance should be sufficient to satisfy the most radical. Hence I beg of you to cut out paragraph 715 entirely and eliminate from paragraph 1507 the words "except black and silver foxes," as the Bureau of Animal Industry have already placed ample protection against the importing of inferior foxes.

Senator WALSH. And eliminate the paragraph?

Mr. MUZZY. Eliminate the words "silver and black foxes."

Senator McCUMBER. Then why should we have a tariff at all on foxes that are imported for breeding purposes any more than we should on cattle and horses; and those animals have all been free for the purpose of improving our stock?

Mr. MUZZY. That is just our position.

Senator McCUMBER. I can not quite understand, then, why we should follow a practice so different in the matter of improving the character of our stock of foxes.

Senator SMOOT. You do not mean to say that you want foxes to come in here free?

Mr. MUZZY. Yes, sir.

Senator SMOOT. You want breeding foxes, but you do not want the general foxes?

Mr. MUZZY. Oh, no; I want them for breeding purposes.

Senator SMOOT. Then you do not want to strike out 715; 15 per cent ad valorem would fall in that paragraph.

Mr. MUZZEY. We want 715 cut out entirely and 1507 cut out where it excepts from all other animals silver and black foxes?

Senator WALSH. How many foxes are brought in a year?

Mr. MUZZY. About 1,000 were brought in last year.

Senator WALSH. For pelts?

Mr. MUZZY. For breeding purposes.

Senator WATSON. Where is this industry located?

Mr. MUZZY. It extends all over the northern part of the United tates. Michigan is one having the most ranches of any State of he Union. All northern States have them. It is a young, growing ıdustry, and they are raising the foxes in captivity. The demand for ıem has increased ever since I remember and the supply is on the ecrease.

Senator MCLEAN. What is the tariff on the pelts?

Mr. MUZZY. There is no tariff on raw furs.

Senator WATSON. Those foxes are kept in captivity?

Mr. MUZZY. In captivity entirely. I beg to submit a digest of ıriff of 1913 and 1921 applying to foxes, with comparison. I would ke also to submit copy of letter from James S. Hanson, president the Hanson Silver Fox Co., of Penacook, N. H., submitted to the ıbcommittee of the House on Ways and Means; also my letter to on. W. C. Hawley, chairman of the subcommittee of the Com- ittee on Ways and Means, indorsing Mr. Hanson's letter.

Mr. C. T. Dryz, of Eagle River, Wis., a large fox breeder of Wisconsin ıd a director of the National Fox Breeders' Association, of Muskegon, ich., was to appear before you to-day, but was unavoidably detained, ıd has requested that I submit his brief, which especially refers to ıragraphs 715 and 1507.

(The matter above referred to follows:)

ARIFF ACT 1913 (H. R. 3321) AND TARIFF ACT 1921 (H. R. 7456), APPLICABLE TO FOXES IMPORTED FROM CANADA.

TARIFF ACT OF OCTOBER 3, 1913.

Schedule G.—Dutiable list.—PAR. 187. All live animals not specially provided for this section, 10 per centum ad valorem.

Schedule G.—Free list.—PAR. 397. Any animal imported by a citizen of the United ates, specially for breeding purposes, shall be admitted free, whether intended to be ed by the importer himself or for sale for such purposes: *Provided*, etc.

PAR. 398. Animals brought into the United States temporarily for a period not ceeding six months, for the purpose of breeding, exhibition, or competition for izes offered by any agricultural, polo, or racing association, etc.

NEW TARIFF ACT, 1921 (H. R. 7456).

Schedule 7.—Dutiable list.—PAR. 715. Black or silver foxes, $350 per head.

PAR. 716. Live animals, vertebrate and invertebrate, not specially provided for, 15 r centum ad valorem.

Schedule 7.—Free list.—PAR. 1507. Any animal imported by a citizen of the United ates specially for breeding purposes, shall be admitted free, whether intended to be ed by the importer himself or for sale for such purposes, except black or silver foxes: *ovided*, etc.

PAR. 1508. Animals brought into the United States temporarily for a period not ceeding six months, for the purpose of breeding, exhibition, for competition for izes, etc.

COMPARISON.

Paragraph 715 of the new tariff act (H. R. 7456), placing a duty of $350 per head on ack or silver foxes, is entirely new and is practically prohibitive as to foxes imported om Canada.

Paragraph 716 of the new tariff act (H. R. 7456) corresponds to paragraph 187 of e tariff act of October 3, 1913, except that it makes the rate of duty 15 per cent ad lorem instead of 10 per cent ad valorem, an increase of 50 per cent in the duty on ive animals not specially provided for."

Paragraph 1507 of the new tariff act (H. R. 7456) corresponds exactly to paragraph 7 of the tariff act of October 3, 1913, except that after the word "purposes" in the rth line of said paragraph 397 the words "except black or silver foxes" are inserted.

Paragraph 398 of the tariff act of October 3, 1913, is copied exactly in paragrap 1508 of the new tariff act (H. R. 7456), and refers to animals imported for show purpo

SUGGESTED CHANGES.

(1) In paragraph 715 (H. R. 7456), Senate bill, July 27, 1921, change the amount of the duty from "$350" to "$200."

(2) In paragraph 1507 (H. R. 7456), Senate bill, July 27, 1921, cut out the words "except black or silver foxes" in lines 22 and 23, page 174, leaving the paragraph exactly the same as paragraph 397 of the act of October 3, 1913, which provides for the free importation of high-bred, registered animals for breeding purposes.

FREE LIST, TARIFF ACT OF OCTOBER 3, 1913.

PAR. 397. Any animal imported by a citizen of the United States, specially for breeding purposes, shall be admitted free, whether intended to be used by the importer himself or for sale for such purposes: *Provided*, That no such animal shall be admitted free unless pure-bred of a recognized breed, and duly registered in a book of record recognized by the Secretary of Agriculture for that breed: *And provided further*, That the certificate of such record and pedigree of such animal shall be produced and submitted to the Department of Agriculture, duly authenticated by the proper custodian of such book of record, together with an affidavit of the owner, agent, or importer that the animal imported is the identical animal described in said certificate of record and pedigree. The Secretary of Agriculture may prescribe such regulations as may be required for determining the purity of breeding and the identity of such animal: *And provided further*, That the collectors of customs shall require a certificate from the Department of Agriculture stating that such animal is pure-bred of a recognized breed and duly registered in a book of record recognized by the Secretary of Agriculture for that breed.

The Secretary of the Treasury may prescribe such additional regulations as may be required for the strict enforcement of this provision.

Horses, mules, and asses straying across the boundary line into any foreign country, or driven across such boundary line by the owner for temporary pasturage purposes only, together with their offspring, shall be dutiable unless brought back to the United States within six months, in which case they shall be free of duty, under regulations to be prescribed by the Secretary of the Treasury: *And provided further*, That the provisions of this act shall apply to all such animals as have been imported and are in quarantine or otherwise in the custody of customs or other officers of the United States at the date of the taking effect of this act.

PENACOOK, N. H., *July 7, 19..*

Hon. W. C. HAWLEY,
Chairman Subcommittee on Schedule G,
Committee on Ways and Means, House of Representatives, Washington, D. C.

SIR: There has just come to our notice a copy of a brief submitted to you by A. L. Williams, of Muskegon Mich., on behalf of the National Silver Fox Breeders' Association of America, and Mr. J. S. Sterling, of Plattsburg, N. Y., on behalf of the American Fox Breeders' Association, of Boston, Mass., in which is advocated a special duty of $350 per head on black or silver foxes coming into this country from Canada or other foreign countries.

We desire to take issue with a number of the statements set forth in said brief and to call your attention to the fact that, in our opinion, a most unjust and discriminating tariff is proposed and one that, instead of helping the fox industry in the United States, will do said industry a great injury and have the effect of retarding its development very materially.

MAJORITY OF FOX BREEDERS AGAINST DUTY.

First. We deny the statement that "95 per cent of all the progressive silver fox breeders of the United States" are in favor of the excessive duty proposed; and we assert that a very small proportion of said breeders are in favor of such a duty, that very few of them knew that their associations were recommending to Congress such duty, and that said duty had not been fully discussed.

CANADA CHARGES NO DUTY ON FOXES.

Second. We deny absolutely the statement made that a "Canadian duty on nerican silver and black foxes of 25 per cent ad valorem" is in effect. It is a matter fact that no such duty is being charged by the Canadian Government. The comssioner of customs of Canada, under date of June 11, 1921, under the caption, 'ubject: Tariff status of live foxes," says:

'You are advised that foxes and other wild animals for breeding purposes or show rposes have been classified by the department as free of customs duty under tariff m 701."

This fact certainly nullifies the argument which has been stressed before your comttee that a duty to offset the alleged Canadian duty should be written into the new iff bill.

PROPOSED HIGH TARIFF NOT BENEFICIAL.

Third. We do not agree with the argument of Dr. E. W. Nelson, Chief of the reau of Biological Survey, that "This high tariff will be beneficial in assisting erican breeders in building up the quality of the breeding stock in the country and is materially benefit this new industry."

On the contrary, we feel sure that the said duty of $350 per head, which is excessive l practically prohibitive, will be of great detriment to the fox industry and will it out a great many of the best breeding foxes from Canada, which fox raisers in this intry so much need in the development of the business in the United States. We ert, without fear of successful contradiction, that there are not at the present time this country enough high-grade breeding foxes among the ranches to supply the itimate demand for the next few years.

PRESENT QUARANTINE REGULATIONS SUFFICIENT.

Fourth. On June 1, 1921, there became effective a new quarantine order of the partment of Agriculture regulating the inspection and the shipment into this coun' of Canadian foxes that, in our judgment, fully meets the present needs as to the estion of inferior or diseased or infected foxes that may be offered at United States rts of entry.

PROHIBITIVE AS TO CANADA.

Following close on the heels of this new quarantine order, the placing of a duty of 50 per head on live foxes shipped in from Canada would seem like piling it on, and ictically says to Canada and Canadian fox breeders, "Keep out—we do not want your tes at all."

AD VALOREM DUTY OF 10 PER CENT NOW IN FORCE.

Fifth. In the statement on sheet 3 of the Williams-Sterling brief, under the head "Revision of present tariff necessary," is the misleading assertion that, "The present iff schedules provide for the "free" importation of animals for breeding purposes. i exception should be made in the case of silver or black foxes."

It is the fact that the present tariff schedules do not provide for the free importation foxes for breeding purposes, but an ad valorem tax of 10 per cent is now charged the United States on such foxes. We maintain that this present tax of 10 per cent valorem or an equivalent specific tax, is quite sufficient to protect the fox industry this country.

NO 25 PER CENT TARIFF IMPOSED BY CANADA.

Again, we call your attention to the misstatement at the bottom of sheet 4 of the illiams-Sterling brief, which says: "Canada, practically a free trade country, where t farms started and with six to seven times as many silver foxes in captivity as in e United States ranches, impose a 25 per cent ad valorem tariff on American silver tes."

STORM OF PROTEST AGAINST DUTY.

Since the Ways and Means Committee submitted the new tariff bill to the House Representatives on June 29, 1921, and the proposed $350 duty has become known the fox raisers of the United States, a storm of protest is going up against such an cessive duty, which would be in effect practically prohibitive. It is asserted by many at the proposed tariff is in the direct interest of a few large fox ranchers in the United ates who want to shut out Canadian competition and force their fellow countrymen purchase from said ranchers.

A NEW AND TRAVELING INDUSTRY—LET IT ALONE.

We do not believe that the silver and black fox industry has yet reached the stage of development in this country when legislation should be passed in the interests of the few as against the interests of the many connected with it.

In many of the Northwestern States, like Ohio, Illinois, Iowa, Wisconsin, Minnesota, the Dakotas, Washington and Oregon, there are many people who are just learning about this wonderful industry and who want to have an opportunity to do as earlier fox raisers in the United States have done, buy selected, high-grade animals of the first quality from Canadian ranches without having to pay such a high duty as is proposed in the present tariff bill.

We trust and believe that a careful review of the true facts in connection with this matter, all of which we feel sure have not been presented to your committee, will cause you to favor an elimination of the proposed duty, or at least a reduction of same to a specific amount not more than the present 10 per cent ad valorem duty.

Respectfully submitted.

JAS. S. HANSON.

SPRINGFIELD, MASS., *July 14, 192[illegible]*

Hon. W. C. HAWLEY,

Chairman Subcommittee on Schedule G.

Committee on Ways and Means, House of Representatives, Washington, D. C.

SIR: I have before me copy of "Tariff Information, 1921," "Specific Tariff on Live Silver or Black Foxes," also the reply of Mr. Jas. S. Hanson, one of the large fox ranchers of the United States, with ranches at Penacook, N. H., and I indorse Mr. Hanson's reply entire, although he has not placed it as strong as the facts warrant.

The fox raisers as a whole did not for a moment think that an exception would be made to foxes imported for breeding purposes, as from time immemorial high-grade breeding stock such as horses, cattle, swine, etc., have been imported practically free of duty, to improve the strain in the United States. To-day every fox rancher in the United States considers it a valuable asset to state that his original stock came from Prince Edward Island, and the infant industry in the United States needs high-grade stock to improve the present quality of foxes, which are very much inferior to the average foxes in Canada, for in Canada they have been raising foxes in captivity for some thirty-odd years, while in the States the older ranches are not more than 10 years old and in some of the northern States the industry is less than [illegible] years old.

There are a few good foxes in the States, and it is the few that will be benefited, but not the great majority, nor the prospective rancher who desires to enter this [illegible] industry.

Furthermore, the facts presented to you by the few breeders state that "95 per cent of all fox breeders in the United States" are in favor of this excessive proposed duty, while I believe the reverse is true, that 95 per cent of the fox breeders are opposed to this duty, and also the statement that Canada imposes a 25 per cent duty on the importation of foxes into that country is absolutely wrong, and so on, through the article that was placed before you.

It would not mean any additional revenue to the Government, as the statistics show that approximately 1,000 silver and black foxes were imported into the United States during the past year, and with a $350 duty on each fox but very few foxes would be imported. Hence it would be far better, from a Government standpoint, to let the duty remain as it is, 10 per cent on breeders, or—what would be still better—absolutely free, because if fox breeders need the high-grade foxes to improve the quality of the foxes they have to-day, a low duty, or no duty at all, would be decidedly to the advantage of a great majority of fox breeders, at least 90 per cent of them.

The reason Congressmen have taken little interest in this measure is because so little is known about the industry by the average citizen of the United States or Congressmen in general. Hence this bill was "slipped over on you" to the detriment of the majority of the people because so little was known about it.

It is one of the leading industries of Prince Edward Island, and can be made an important industry in the United States if not given a "knock-out blow" in its infancy.

I am inclosing you a letter which was published in the Black Fox Magazine in J[illegible] before I knew of the $350 proposed duty, which I believe is worthy of your earnest consideration.

As I believe you are absolutely fair minded, and intend to do what is best for the majority, I trust you will see that the specific duty of $350 per fox is killed, and the matter rests largely in your hands.

can not be too emphatic in my positive statement, knowing the fox industry as l as I do, that the proposed duty would work a decided injury on the industry and ι benefit to but a very few of the ranchers who have high-grade quality foxes, and it ıld retard the industry for years to come.

t the last international fox show at Boston, where foxes were inspected and graded, ɔce Edward Island carried off the first prize for having the best quality of foxes his exhibit, and there were but very few Prince Edward Island foxes exhibited, great majority being from the United States.

: is a well-known fact that Prince Edward Island has quality foxes that the United ɛs needs, and it seems almost a crime to handicap an infant industry in the United ɛs by placing an almost prohibitive tax on breeders.

rusting that you will pardon the length of this letter and give it the serious con- ration that it deserves, and that your good judgment will not allow you to be instru- ıtal in killing so promising an infant industry, I beg to remain,

Most respectfully, yours,

F. E. MUZZY.

BRIEF OF C. T. DRYZ, EAGLE RIVER, WIS.

s one of the largest breeders of and dealers in silver foxes in the United States I am ɔcially interested in the proposed change in our tariff laws, as far as they affect fox industry.

am now building a 400-pen ranch at Eagle River, Wis. When this is completed ɒeans practically a half million dollar investment. I am importing most of my ɛs from Canada, and if this new tariff goes into effect in its present shape it will ctically mean a discontinuance of my operations here on the large scale that I 'e started. Other ranches are being built in this vicinity which will be similarly cted. One of these is a $100,000 corporation.

f this tariff was revised so as to admit high-grade registered foxes free of duty and heavy duty put specifically upon poor foxes it would be a good thing, as there are nearly enough of the best grades of foxes in the United States to meet the present ɒand.

t present there is a 10 per cent ad valorem duty on silver foxes entering this country. ɪs duty is really all the industry can stand. I believe silver foxes are the only eding animals imported to-day on which a duty is charged. Why not put silver ɛs on an equal footing with other animals? To pass the tariff as recommended by Ways and Means Committee of the House in H. R. 7456 will, in my judgment, iously hinder the development of the industry in the United States.

COMPARISON OF TARIFF ACTS OF 1913 AND 1921.

I would first like to call attention to the several paragraphs of the tariff act of October 1913, under which we are now operating, and point out how these paragraphs and changes made in them in the new tariff act (H. R. 7456) affect foxes and the fox lustry of the United States.

Under Schedule G, dutiable list, paragraph 187 (act 1913) provides: "All live imals not specially provided for in this section, 10 per cent ad valorem" duty. ıder this paragraph foxes have heretofore been imported from Canada, paying the per cent ad valorem duty, because of the fact that a herd book of Canadian pedi- ɛs had not been accepted and recognized by the United States Department of riculture, so as to admit foxes under the free list.

Under the new tariff act (H. R. 7456) the old paragraph 187 is practically repeated follows:

"PAR. 716. Live animals, vertebrate and invertebrate, not specially provided for, per centum ad valorem."

This paragraph 716, it will be observed, changes the old duty from 10 per cent ad lorem to 15 per cent ad valorem and would seem to cover any desirable advance in e tariff as far as live animals (including foxes) are concerned.

Paragraph 397 of the tariff act of October 3, 1913, provides for the free importation animals for breeding purposes, subject to very strict regulations and restrictions as quality, pedigree, etc., which would seem to fully protect anyone importing animals der this section.

Heretofore foxes have not come in under this section because of the absence of any rd book showing pedigrees of foxes acceptable to the Department of Agriculture. ıch a herd book is now being prepared, and the Canadian Government is recognizing d backing pedigrees of the best grades of foxes. This registration will doubtless be

recognized by the Department of Agriculture of the United States in the near future and silver-black foxes meeting the requirements will doubtless be admitted free the same as other animals, such as horses, cattle, sheep, etc.

Paragraph 1507 (p. 174, H. R. 7456, Senate bill, July 27, 1921) copies exactly paragraph 397 of the act of October 3, 1913, except that after the word "purposes," in the fourth line of said paragraph 397, the words "except black or silver foxes" are inserted.

This exception will effectually shut out high-grade, pedigreed silver and black foxes from Canada, no matter how closely they might meet the very careful regulations safeguarding the quality of the animal, as set forth in the body of said paragraph 1507. It seems unfair to thus cut out silver black foxes when other classes of animals for breeding purposes are admitted under this paragraph free of duty. The proponents of the change of old paragraph 397 seem to have overlooked the real effect of paragraph 1507 or to have desired to establish an embargo, with a view to shutting out Canadian competition.

I most earnestly urge the Senate committee to change paragraph 1507 by cutting out the words "except black or silver foxes" now appearing in lines 22 and 23, page 174 of the Senate bill, leaving the paragraph exactly the same as paragraph 397 of the act of October 3, 1913, which provides for the free importation of high-bred registered animals for breeding purposes.

This is really the most important and vital change that should be considered in connection with the subject of silver black foxes, and, indeed, with the important subject of the reciprocal free importation of animals for breeding purposes between the United States and Canada. To make an exception of foxes would seem to invite others to attempt to make exceptions of certain other breeds of cattle, horses, sheep, etc. It is establishing a very bad precedent, besides doing a manifest injustice to fox breeders in the United States who are anxious to have imported free of duty the best grades of foxes which they so much need at the present time in building up this new and thriving industry. I understand that protests have been made by breeders of other classes of live stock against any meddling with old paragraph 397 at the request of a few fox men who seem to be looking only after their own selfish interests, regardless of disturbing present smooth-working relations between this country and Canada.

Paragraph 715 "Black or silver foxes, $350 per head," is entirely new, and the heavy duty suggested again seems to point to a desire on the part of the proponents of this duty to shut out competition, because the same people who proposed the $350 duty in this paragraph also proposed shutting out silver black foxes by the exception of these animals in paragraph 1507.

Since paragraph 716 carries an ad valorem duty of 15 per cent, and supposing paragraph 1507 should be changed so as to be the same as paragraph 397 of the present law, thus admitting under the free list pedigreed foxes, it would seem that there is no excuse for such a heavy duty or even for any specific duty at all to shut out common grades of foxes. A specific duty of $200, at the very outside, would seem to meet the requirements of the case.

In conclusion I again earnestly request and urge that paragraph 1507 be changed as I have previously suggested, because I firmly believe that, if it stands as it is in the present bill, it will be very damaging to the fox industry in this country.

I attach hereto a copy of a communication I sent to the Black Fox Magazine of New York and which appeared in the issue of August, 1921, which sets forth my views in regard to the industry at large and the effects upon said industry of the proposed tariff regulation.

I do not understand that the Bureau of Animal Industry or the Bureau of Biological Survey favor the drastic exception made in paragraph 1507, where "black or silver foxes" are entirely and specifically shut out, regardless of their quality, breeding, pedigree, and regardless of how closely they meet the requirements of the very strict and complete regulations and restrictions set out in the body of said paragraph 1507 in regard to all animals imported, which would, of course, include foxes as well as horses, cattle, sheep, etc.

What we all want, both officials and fox breeders, is to keep out poor foxes and admit free of duty high-grade foxes under proper restrictions and quarantine regulations such as are now in operation under the supervision of the Bureau of Animal Industry and the Bureau of Biological Survey.

LIVE AND LET LIVE.

[By C. T. Dryz, in The Black Fox Magazine, August, 1921.]

t has been a long time since I have written for any publication, but the conditions :he fox industry just at present date impress me to give my views on the situation ich I consider very critical at this time.

'ou are probably aware of the fact that there is a great tendency on the part of some ranchers in the United States to shut out our main source of supply of foxes.

am afraid these same parties do not realize in any way just what this would mean. e, some of them have a number of good foxes on their ranches that would score h and are good quality, but in general there is no very large number. Their idea ns entirely to be the disposal of their foxes at a high figure. They know it to be ct that the same quality foxes that they have can be obtained to-day in Canada, ich is the main source of supply, at a very reasonable figure.

s I look upon it, if these parties should be successful in having such an exorbitant y passed as is proposed it would mean that new people who would start now would e to pay a very high price, indeed, for any first-class animals they acquired; far than the present fur value of the animals is worth.

o not misunderstand me when I make the above quotations, because personally ould like to see foxes on the same basis as, say, for instance, Holstein cattle are ay. The good fox will sell at a high price and the poor fox at a low price, based ly on its heredity. This can only be accomplished by the mutual cooperation he associations and all ranchers and the Canadian must be seriously considered his.

ven should this move on the part of a few men be successful, it will not help them ly as much as they imagine. They will be forced to ask much lower prices than contemplate for their foxes, because then they will get real competition from adian ranchers who will cut to the lowest possible figure in order to undersell the ted States ranchers.

hy be selfish? Throw the gates of competition open to the world and let the man win. That's real business principles.

o prove, further, that this proposed tariff would do considerable damage, it is only ssary to look at my books. I have several hundred customers who contemplate ting ranches in the United States in the next few years, and I do not believe they ld pay an excessive tariff in order to start, but would most likely move into ada and start there. Furthermore, I have just returned from a three weeks' trip, while on this trip I had to come in contact with quite a few ranchers, and in king of the tariff to them they stated that they were in favor of a tariff, but not as presented. Their idea of a just tariff is that all good foxes be admitted free of ge and a heavy duty placed on poor foxes.

am sure that if the associations will canvass their members they will find the rity of them are in favor of the duty as I state above and are against the duty oposed.

nada charges no duty on foxes and there is no duty on any other pedigreed live c going between Canada and the United States. I can not understand why should be made an exception of. It would be much better for all concerned if were handled in free trade as other live animals are. This would give the ed States ranchers a chance to build up their stock at a normal cost and also give Canadians a chance to improve their stock, making it harmony and cooperation ughout.

e associations to-day total a membership of practically 20 per cent of the people ested in the silver-fox industry in the United States, and I hope the time is not far away when they will control a full 100 per cent.

elieve in the motto "Live and let live." I can not understand why anybody ld try to squeeze out anyone else. As stated above, I believe in "Letting the man win," and if more ranchers would put this in their mind I am sure the fox stry would be far more successful than it is to-day. As it is, they all follow in otsteps of one leader and it is the man that keeps a step ahead of his competitors will score the biggest success.

en, let's all shake hands and live and let live.

FRESH AND FROZEN FISH.

[Paragraph 718.]

STATEMENT OF HON. WESLEY L. JONES, SENATOR FROM WASH-INGTON.

Senator JONES of Washington. With reference to fish, paragraph 718, our people want a tariff of 2 cents a pound on fresh fish, together with a proviso providing for either a straight 2 cents a pound on fresh fish or, at any rate, a provision that would read something like this:

All halibut, salmon, swordfish, and sablefish, fresh, frozen, or packed in ice, 2 cents a pound: *Provided,* That no halibut, salmon or sablefish, fresh, frozen, or packed in ice, taken from the north Pacific Ocean or its tributary waters, shall be admitted into the United States through a foreign country unless same shall be in bond from an American port. All other fish, fresh, frozen, or packed in ice, not specially provided for, 1 cent a pound.

An item similar to that was put into the Simmons-Underwood tariff bill when it passed the Senate. We had quite an extensive discussion of the reasons, especially for the proviso. (Pages 131[illegible] 13186, part 13, vol. 53, 1st sess., 64th Cong.)

Briefly, I may say this, however, that the Canadian authorities are using every possible method to divert the fish industry to Prince Rupert. They have put all sorts of restrictions and discriminations through their orders in council against American fishermen and American fish, with the avowed purpose of diverting the business to Prince Rupert and then sending the fish over the Grand Trunk Railway to eastern markets.

The purpose of this is to protect and keep under the American flag the ships engaged in the fishing industry in the North Pacific in Alaska, and also to encourage the transportation of these fish to eastern markets over American railroads.

As I say, I am going to refer to that discussion and give the pages. You will not need to print it in the record, but it will make it available. I hope that the matter will be given the very careful consideration of the committee.

I will endeavor to find where Senator Chamberlain made a speech with reference to the matter and discussed it and pointed out the discriminations. They are very clear and very plain. The purpose is openly avowed in the orders in council that were passed. (The reference to Senator Chamberlain's remarks, subsequently submitted by the witness, is as follows: Pages 14024 to 14028, part 13, vol. [illegible] 1st sess., 64th Cong.)

I want to present for printing in the record the amendment [illegible] I spoke about the other day with reference to fish; and I also want to present another amendment covering the same subject, [illegible] amendment has been suggested by our people.

I ask, as well, that in connection with the same a telegram [illegible] some letters I have here with me be printed, and that, I think, [illegible] conclude the matter.

Insert a new paragraph after paragraph 718:

"Halibut and salmon from the waters of the North Pacific Ocean, [illegible] frozen, or prepared, for shipment at or shipped from a foreign port, [illegible] per pound."

SEATTLE, WASH., *January 5, 1922.*

n. WESLEY L. JONES,
United States Senate, Washington, D. C.

Since 1915 Canadian ports have gradually absorbed Alaska's fresh-fish busi-
s, this through their railways and orders in council. It is imperative that
ough prohibiting shipment from foreign port or through tariff on fresh or
zen fish prepared for shipment at foreign port this business should be cen-
ed in Alaska. If Alaska is to develop we must secure for her her own
ources and commerce.

SEATTLE CHAMBER OF COMMERCE, ALASKA BUREAU.

JANUARY 3, 1922.

. W. L. JONES,
United States Senate, Washington, D. C.

EAR SENATOR: Pacific coast interests have suggested that a duty placed
fish prepared for shipment at foreign ports would give the fishing indus-
at American ports the needed protection, and less likely to draw opposition
the measure we have urged, which would entirely prohibit shipments so
ared. It is therefore requested that we work to secure the following as a
of the general tariff bill:

Halibut and salmon, fresh, frozen, or prepared for shipment at a foreign
, 3 cents per pound. All other fish, fresh, frozen, or prepared for shipment
foreign port, 1 cent per pound."

duty on only foreign-caught fish will not correct the conditions now exist-
at the Canadian Pacific ports. Such a duty would simply encourage Cana-
operators to use American bottoms out of their ports. The flag would
ide free entry of their product to our markets, though the industry would
in Canadian as completely as it is to-day, for the fishing fleet regardless of
would be manned, provisioned, and operated from Canadian ports.

e sole object of this tariff measure is to make the Alaska fisheries a re-
e of American ports, instead of permitting them to be exploited by Cana-
interests and a fleet sailing from Canadian ports, the product of which is
ely consumed in the United States. The duty suggested will not affect the
of fish to either producer or consumer; it simply moves the market place
e fishing fleet from Canadian to American soil, making it an American
which will be highly beneficial to the future growth and prosperity of
a.

ish to call your attention to the attached copy of a resolution passed by
ommercial Club of Ketchikan, Alaska, July 11, 1921.

Respectfully,

H. C. STRONG.

---

e Congress of the United States:

eas the fresh-fish industry of the Territory of Alaska is one of the great
important resources of the said Territory; and

eas the said industry should be encouraged as a means of developing and
ding up the said Territory of Alaska; and

eas, if proper protection is given this industry to prevent the fresh fish
ght in the waters of and adjacent to said Territory of Alaska from being
ked and prepared in foreign countries for shipment to the markets of the
ted States, a permanent fishing population will settle in Alaska, improve
ll homesteads, and aid in the settlement and development of the Terri-
: Therefore be it

olved by the Commercial Club of Ketchikan, Alaska, That the Congress
United States be, and hereby is, respectfully memorialized and urged
e in any tariff law which may be passed by the Congress a provision
g as follows:

fresh or frozen halibut or salmon, or the products thereof, arriving at
merican port from or through any foreign country, which have been
d or prepared for shipment in other than American territory, shall be
t to a duty of 3 cents per pound; and other deep-sea fish, or products
f, arriving at an American port from or through any foreign country,
have been packed or prepared for shipment in other than American
ory, shall be subject to a duty of 1 cent per pound."

Be it further resolved, That a copy hereof be sent to the President of the United States Senate, the Speaker of the United States House of Representatives, the chairman of the Committee on Ways and Means of the United States House of Representatives, the chairman of the Committee on Finance of the United States Senate, and the Delegate to Congress from Alaska.

J. C. BARBER, *President*.

Adopted July 11, 1921.
Attested:
A. G. SHOUP, *Secretary*.

MEMORANDUM SUPPORTING TARIFF ON FRESH AND FROZEN FISH.

The offshore fisheries of Alaska—that is, fish taken from the Pacific Ocean or its tributary waters—is a national resource which should be the means of supporting large, permanent, and prosperous communities in Alaska.

However, to make this a reality, constructive and protective legislation is imperative. Something must be done which will create in Alaska a market for these products, a market which will bring the producer and the representative of eastern distributors in the United States together at ports in Alaska.

To-day the economical market for the Alaska fisheries is in a foreign port at the terminus of a Canadian railway, and here these fisheries, together with the buyers for the consumers of the United States, are building a big industry. The deep-sea fisheries of Alaska and American markets are jointly supporting a larger population and a greater volume of business at Prince Rupert and Vancouver, British Columbia, than they are doing for all of the coast of Alaska.

Legislation alone will move this market and its benefits from Canadian to American ports in Alaska. Transportation problems in Alaska will solve themselves when this volume of business originates in Alaska instead of at Canadian ports, therefore Congress is petitioned to enact the following tariff measure:

"All fresh or frozen halibut or salmon, or the products thereof, arriving at an American port from or through any foreign country, which have been packed or prepared for shipment in other than American territory, shall be subject to a duty of 3 cents per pound; and all other deep-sea fish, or the products thereof, arriving at an American port from or through any foreign country, which have been packed or prepared for shipment in other than American territory, shall be subject to a duty of 1 cent per pound."

This tariff measure will bring to Alaska the wholesale market, which is now being maintained in Canada. It will be instrumental in improving our transportation facilities and be the means of bringing thousands of home builders. Alaska will become the permanent home of a large population which is now being supported in Canadian ports by our American fisheries and American markets.

To-day a vessel sails from Prince Rupert; she may be either an American or a Canadian, but she will be outfitted with supplies bought in Canada where her business is transacted; she proceeds to the fishing banks adjacent to Alaskan shores, fills up with fish and returns to the Canadian port where the fish are sold for shipment to American markets but paid for in Canadian and the proceeds divided and distributed through various channels in Canada. Canada has thereby gained a valuable asset at Alaska's expense.

The ultimate home of a fishing people will be in or near the port where fish are unloaded and sold, and should Canada be permitted to continue as the main distributing point of North Pacific fish to the American market, fishermen engaged in taking these fish will gradually settle in Canada and become Canadian citizens, transferring their vessels to Canadian registry.

Therefore no act of Congress can do more to give Alaska a permanent self-supporting population than the above tariff measure, and it will do so without adding any cost to the consumer and without placing any burden upon the fisherman. It merely moves a market and makes Alaskan ports the center for North Pacific fishing products which are going to the United States.

The fish will be discharged at Alaskan ports where they will be paid for in American money and be subject to American inspection and American regulation. We are asking only for such legislation as will insure a method whereby payments made by the markets of the United States for products from the waters adjacent to or within convenient reach of American

ill be used for the maintenance of an American fishing fleet, the development American enterprises, and the building of American homes on American soil. Respectfully submitted. •

COMMERCIAL CLUB OF KETCHIKAN,
By J. C. BARBER, *President.*

Amend paragraph 718 to read as follows:
"All fish, fresh, frozen, or packed in ice, not specially provided for, 2 cents pound: *Provided*, That no salmon or halibut from North Pacific waters ill be admitted into the United States through a foreign country unless the me are shipped in bond from an American port."

ATEMENT OF H. C. STRONG, REPRESENTING THE COMMERCIAL CLUB, KETCHIKAN, ALASKA.

Mr. STRONG. I am here at the request of the Commercial Club of tchikan, Alaska, and am a member of its executive board. I wish file with you a message from the governor of Alaska, also a letter dressed you to-day by Mr. Hoover, our Secretary of Commerce, ich requests that you provide relief for the situation which conts America's interest in the fisheries of the Pacific coast. We e in Alaska a vital point, which has not been made clear to this mittee from a truly American standpoint, but owing to the lates of the hour I must be content with a short statement and the filof two briefs, one prepared by the Commercial Club of Ketchi and the other by myself.

Senator McCUMBER. They will be printed in the record.

Mr. STRONG. At the Department of Commerce there are numerous munications from business houses, commercial associations, and ers from many operators of American fishing vessels which fully lain the hold Canada now has on the fishing industry of the ific.

The supply of fish which are found in the waters off Alaska's coast f the highest quality to be found anywhere in the world, and r are consumed by Americans, the greater portion going to points of the Rocky Mountains, yet this wonderful resource and ket is centered at the Canadian port of Prince Rupert, Canada, ch is within 40 miles of Alaska.

his is due to a combination of geographical and commercial conons, together with the intense interest and support of the Can n Government in the development of this industry at her ports, as compared with the utter lack on the part of our Government o the present time to pass a simple protective measure which in t would transfer the market place, the buyers, the shippers, and headquarters of the fleet fishing for the American consumers Canada across the international border line into Alaska, mak this important resource and industry a support to Alaska in d of Canada.

t Ketchikan, Alaska, which is but 90 miles from Prince Rupert, hed through inside waters navigable every day of the year, and iles closer to the fishing banks, you find better harbor conditions at the Canadian port. We have many miles of perfectly prod deep-water frontage, which is true of many harbors in south-

ern Alaska, and at Ketchikan we now have constructed whar
and warehouse of sufficient capacity to handle the entire fish busine
now handled at Prince Rupert. Every facility can and will be pro
vided at Alaska ports to handle the industry, but the business wi
not be there to handle until our Government passes an act placing
duty on all fish entering the United States which have been ice
boxed, frozen, or otherwise prepared for shipment at other tha
American ports. Shipments reaching the United States throug
Canada should be obliged to be in bond from an American port i
they are to be admitted free of duty.

Fishing interests at Prince Rupert and Vancouver and those wh
have represented them in Washington do not object to our Govern
ment placing a duty on foreign fish, but they strongly object to th
wording of a tariff measure that will give Alaska and Americ
interests the protection needed in this industry. This is the po
you should clearly understand. The Canadian institutions are han
dling American fish which would not be affected by the word
of a usual tariff amendment. During the year of 1920 vessels
American registry to the number of 258 were engaged in fishing op
ations out of the port of Prince Rupert and 24 from the port
Vancouver. This number and the volume of business has increas
during the year 1921 though we have not the exact figures. Th
vessels of American registry landed in excess of 65 per cent of
the deep-sea fish discharged at Canadian ports. The catch of th
vessels, on account of the American registry of the hull, ma
them American fish, but they are operated from the Canadian po
which derive the entire benefit of their production. The value
their catch is there disbursed, entering Canadian channels of tr
and the vessels are of the same value to Canadian ports as those
Canadian registry. The Canadian packers and shippers send ev
pound of it through to the United States, and American consum
through their fish dealers are actually paying Canada for a prod
taken from the Alaska fishing banks, the industry being of no ass
ance to American ports.

Canadian ports are now using less than 35 per cent Canadian h
in their fisheries, and a duty on foreign fish would merely cause th
to employ an increased number of American hulls, but Canada wo
still hold the industry, the fishing population, and all the prosper
that goes with it. The United States would still be paying Cana
ports for the fish taken from Alaskan waters, yet on account of
fish being taken or caught by vessels of American registry the
classed as American fish, and the Canadian firms are shipping th
in bond through Canada, entering them in the United State
American fish free of duty, though Canada has received the valu
the cargo and the benefits of the industry.

Considering the vast fisheries adjacent to the shores of Alas
which are not equaled by those of any nation in the world, toge
with the thousands of miles of Alaska's coast line which I beli
will never be settled and developed by other than a fishing pop
tion, I sincerely believe you should adopt the amendment:

Provided, That no fresh or frozen fish taken from the North Pacific Ocean or utary waters shall be admitted into the United States from or through any eign country except when the same shall be in bond from an American port.

This is the only sure way of giving Alaska and American ports the l benefit of her fisheries. Canadian laws prohibit fish discharged American vessels at her ports from going into consumption in nada, not even upon the payment of duty, and American fishing sels in the Pacific have no market for their fresh and frozen fish ept that afforded by the consumers of the United States. So why uld we permit Canada to continue to profit by this industry to great detriment of Alaska and American ports?

'he general public has the impression that the only way of getting ef through a tariff bill is by placing a duty on the article desired protect; thus most of the requests have been that you place a duty in fish that have been prepared for shipment at a foreign port. libut and salmon are high-priced fish, the former often reaching rice in excess of 20 cents per pound paid to the fishermen at the t of discharge on the Pacific coast, and, due to the fact that ada controls the logical route of travel between our northern eries and our markets of the Eastern States, a duty of even 3 s per pound would still leave Canadian establishments at Prince ert in position to greatly embarrass shippers from Alaska who ht be using the Canadian route to eastern markets; hence to be lutely effective we should place an embargo as provided in the re-suggested amendment.

would suggest that the amendment you adopt to cover this situ- n be so worded as to take effect on and after 60 days after the age of the act. This would allow ample time to fully establish needed transportation connecting Alaska with rail terminals and adjustment of business connections on the part of those now buy- fish for American markets at Prince Rupert from the Canadian to American ports. American interests have anticipated the need dditional facilities in Alaska to handle the business they believe legislation is to bring to their Territory, and many thousands of rs, running into the six figures, are now being expended by ricans to handle this business, which can and will move direct a Alaska upon the passage of this legislation, to greater advan- to America, her fishermen, and consumers alike, for one vessel day can transport all the fish brought in by the entire fleet at cost to all and with greater dispatch than is now required by the re fleet proceeding to the port of Prince Rupert, which is 90 miles her from the principal fishing banks than is the principal fishing in Alaska, which is Ketchikan.

The briefs and other papers referred to are as follows:)

JUNEAU, ALASKA, *November 10, 1920.*

. STRONG.
Hotel Raleigh, Washington, D. C.:

ve telegraphed Senator Smoot requesting that he direct fish tariff matter you. Suggest you make an appointment with him for Saturday. I am y to be of any possible service.

BONE, *Governor.*

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, January 9, 19

SENATE FINANCE COMMITTEE,
United States Senate, Washington, D. C.

SIRS: Some legislation is being urged with a view to protecting Amer- fishery interests on the Pacific coast in a manner that will make this indus- resource of American ports. A large volume of this business is being han- through foreign ports, and I feel that legislation, probably through a duty, should be enacted which will tend to transfer this business, supp- entirely by Americans, to American ports.

Yours, faithfully, HERBERT HO

BRIEF OF H. C. STRONG, REPRESENTING THE COMMERCIAL CLUB, KETCHI ALASKA.

It is respectfully requested that H. R. 7456 be so amended as to as- establishing at American ports the American fishing industry and fishing which on the Pacific coast is now centered at Canadian ports. To accomp this two measures have been suggested, either of which I believe would be ful. They are as follows:

"All fresh or frozen halibut or salmon, or the products thereof, arriving an American port, from or through any foreign country, which have been pa or prepared for shipment in other than American territory shall be subject a duty of 3 cents per pound; and all other deep-sea fish, or products there arriving at an American port, from or through any foreign country, which h been packed or prepared for shipment in other than American territory sh be subject to a duty of 2 cents per pound"; or, "Provided, That no fres frozen fish taken from the North Pacific Ocean or tributary waters shall admitted into the United States from or through any foreign country ex when the same shall be in bond from an American port."

The object is to gain and keep the control of our Pacific fishery resour- American ports, making them an asset of our own country. It is a subject important to America and vital to the future growth and prosperity of Al

The Alaska fishing banks are not exceeded in extent or resourcefuln- any in the world, and the United States is the greatest market for high fishery products; but due to the geographical position of Canada and the in shown by her Government in fostering the fishing industry, we now s- Alaska fisheries centered at the Canadian port of Prince Rupert.

The distributors of fish in the United States remit to Canada to pay fish taken on the Alaska banks. American markets and the Alaska f banks are pouring wealth into the Canadian port, where the industry is the stay of a growing, prosperous community.

This matter has been discussed on the floor of the Senate by Senator J of Washington and Senator Chamberlain of Oregon, and their remarks found in the Record of the Sixty-fourth Congress, pages 15024 to 150 sive, and 16598 to 16604, inclusive. These pages contain statistics and from our Federal departments, and go into details explaining how Cana been able to gain control of this industry.

Since that time Canada has made an effort to negotiate a treaty with country which would bar us from enacting any legislation affecting thes eries. From a map of the west coast of this continent, I think I shall b to show you how securely Canada will control our supply of fresh fis the North Pacific banks until such time as we pass effective legislation. from a commercial and geographical standpoint, Canada lies between the of supply off the coast of Alaska and the markets of our eastern States

Prince Rupert, British Columbia, at the Pacific terminus of the Grand Pacific Railway which is close to the border of Alaska, is provided with rail connection with all eastern American cities. Here every provis been made to foster the industry; the Canadian Government has throu sidy and the use of "orders in council" put the Canadian port in absol trol of the fishing industry of the North Pacific.

Canada fully realizes that regardless of national registry of vessels en that the port at which the fishing vessels discharge their catch, where th are weighed and paid for, iced, and boxed for shipment to the consu where the fishermen and crew are paid off, and the vessel is reprovision

next trip has gained the value of the cargo so discharged. The vessel, ·w, and industry has become an asset of their port. Their object is to hold : Pacific fishing fleet at their ports, to make it an asset of Canada, though ' product is taken from the Alaska banks and American consumers are pay- ; Canada for the same.

l'he passing or enactment of one of the suggested amendments would correct condition; it would in no way affect the price of fish to the consumer nor t paid to the fishermen; it would merely transfer the buyer, the market ce at which the fishing fleet would center, to American soil, which is closer he supply of fish. It would result in an economic advantage. The industry ported solely by American consumers would be established on the American of the international boundary; the fishing fleet would be an asset of Alaska ead of Canada, as it is to-day. It would do more to repopulate the coast Alaska and give it the needed prosperity than any act Congress could pass. 'his is no discrimination against any foreign country; it is merely protect- our own through making it necessary that vessels, regardless of nationality, ing fish from the North Pacific Ocean or tributary waters, when the are e consumed by Americans, must be discharged at an American port.

anada has always fostered her fisheries and protected them in every known , and now she is, through "orders in council" and other means, reaching for controlling the American fisheries of the Pacific. Under existing condi- s, it would be absolute business suicide for an American institution doing iness solely at American ports to attempt to handle fresh fish between ska and eastern American markets in competition with the industry estab- ed at Prince Rupert. We would simply be playing into their hand, for ' lie between our supply and market.

---

he Congress of the United States:

reas the fresh-fish industry of the Territory of Alaska is one of the great d important resources of the said Territory; and

reas the said industry should be encouraged as a means of developing and ilding up the said Territory of Alaska; and

reas if proper protection is given this industry to prevent the fresh fish ught in the waters of and adjacent to said Territory of Alaska from being cked and prepared in foreign countries for shipment to the markets of e United States, a permanent fishing population will settle in Alaska, im- ove small homesteads, and aid in the settlement and development of the rritory: Therefore, be it

solved by the Commercial Club of Ketchikan, Alaska, That the Congress e United States be, and hereby is, respectfully memorialized and urged are in any tariff law, which may be passed by the Congress, a provision ing as follows:

ll fresh or frozen halibut or salmon or the products thereof arriving at merican port from or through any foreign country, which have been packed epared for shipment in other country, which have been packed or prepared hipment in other than American territory, shall be subject to a duty of its per pound; and other deep-sea fish or products thereof arriving at merican port from or through any foreign country, which have been packed epared for shipment in other than American territory, shall be subject duty of 1 cent per pound." Be it further

solved, That a copy hereof be sent to the President of the United States te, the Speaker of the United States House of Representatives, the chair- of the Committee on Ways and Means of the United States House of Rep- tatives, the chairman of the Committee on Finance of the United States te, and the Delegate to Congress from Alaska.

opted July 11, 1921.

J. C. BARBER, *President.*

lest:

A. G. SHOUP, *Secretary.*

MEMORANDUM OF THE COMMERCIAL CLUB OF KETCHIKAN, ALASKA, SUPPORTI[NG] THE TARIFF ON FRESH AND FROZEN FISH.

The offshore fisheries of Alaska—that is, fish taken from the Pacific Oc[ean] or its tributary waters—is a national resource, which should be the mean[s] supporting large, permanent, and prosperous communities in Alaska.

However, to make this a reality, constructive and protective legislation imperative. Something must be done which will create in Alaska a mar[ket] for these products, a market which will bring the producer and the represe[nta]tives of eastern distributors in the United States together at ports in Alaska.

To-day the economical market for the Alaska fisheries is in a foreign p[ort] at the terminus of a Canadian railway, and here these fisheries, together w[ith] the buyers for the consumers of the United States, are building a big indus[try]. The deep-sea fisheries of Alaska and American markets are jointly suppor[ting] a larger population and a greater volume of business at Prince Rupert [and] Vancouver, British Columbia, than they are doing for all of the coast [of] Alaska.

Legislation alone will move this market and its benefits from Canadia[n] [to] American ports in Alaska. Transportation problems in Alaska will [solve] themselves when this volume of business originates in Alaska instead of Canadian ports. Therefore Congress is petitioned to enact the following t[ariff] measure:

"All fresh or frozen halibut or salmon, or the products thereof, arriving [at] an American port from or through any foreign country, which have been pa[cked] or prepared for shipment in other than American territory, shall be subjec[t to] a duty of 3 cents per pound; and all other deep-sea fish, or the products the[reof,] arriving at an American port from or through any foreign country, which [have] been packed or prepared for shipment in other than American territory, [shall] be subject to a duty of 1 cent per pound."

This tariff measure will bring to Alaska the wholesale market, which is being maintained in Canada. It will be instrumental in improving our tr[ans]portation facilities and be the means of bringing thousands of home bui[lders.] Alaska will become the permanent home of a large population which is being supported in Canadian ports by our American fisheries and Ame[rican] markets.

To-day a vessel sails from Prince Rupert; she may be either an Am[erican] or a Canadian, but she will be outfitted with supplies bought in Ca[nada,] where all her business is transacted. She proceeds to the fishing banks [adja]cent to Alaskan shores, fills up with fish, and returns to the Canadian [port,] where the fish are sold for shipment to American markets, but paid f[or in] Canadian money, the proceeds divided and distributed through various cha[nnels] in Canada. Canada has thereby gained a valuable asset at Alaska's exp[ense.]

The ultimate home of a fishing people will be in or near the port whe[re] fish are unloaded and sold, and should Canada be permitted to continue a[s the] main distributing point of north Pacific fish to the American market, th[e fish]ermen engaged in taking these fish will gradually settle in Canada and b[ecome] Canadian citizens, transferring their vessels to Canadian registry.

Therefore no act of Congress can do more to give Alaska a perman[ent,] supporting population than the above tariff measure, and it will do so w[ithout] adding any cost to the consumer and without placing any burden upon th[e fish]erman. It merely moves a market and makes Alaskan ports the trad[e] for north Pacific fishing products which are going to the United States.

The fish will be discharged at Alaskan ports, where they will be pa[id for in] American money and be subject to American inspection and America[n regula]tion. We are asking only for such legislation as will insure a conditi[on] by payments made by the markets of the United States for product[s] from the waters adjacent to or within convenient reach of America[n] will be used for the maintenance of an American fishing fleet, the deve[lopment] of American enterprises, and the building of American homes on Amer[ican soil.]

Respectfully submitted.

COMMERCIAL CLUB OF KETCH[IKAN,]
By J. C. BARBER, *President.*

CURED AND PRESERVED FISH.

[Paragraphs 719, 721 and 1645.]

IEF OF J. L. FAWSITT, IRISH TRADE COMMISSIONER TO AMERICA.

appear before your committee representing the interests of the Irish salt-fish ers and exporters.

aking the returns for the six years 1914–1919, approximately 29,000,000 pounds esh mackerel and 27,000,000 pounds of fresh herring were landed annually on Irish coast.

he average exports over the same period of cured (salt) mackerel amount to 0,000 pounds and of cured (salt) herring amount to 7,000,000 pounds annually. eland's department of customs was abolished by the English Government a hun- l years back, and, as a consequence, the published returns of Ireland's external e do not show with what foreign countries Ireland carries on trade relations, is there available information as to the character or qualities of her exports to or rts from foreign lands. We have no means of ascertaining, for example, from the ial records of our foreign trade, to what countries and in what quantities we ship cured fish.

e United States' annual trade records show, however, that in the 6-year period ed above some 1,500,000 pounds of cured mackerel and some 2,100,000 pounds red herring reached this country annually from Ireland. Those connected with ish trade in Ireland know that these figures do not fully represent the quantities red fish that enter the American markets every year from Ireland. We believe, d, that the great bulk of our cured-fish exports come to this country indirectly gh English ports and from English brokers.

addition to the domestic supply of cured fish, the United States trade returns that on an average some 18,000,000 pounds of cured mackerel and some 58,000,000 ds of cured herring are imported for consumption in America every year from gn countries.

the year 1919 the largest supplies of salt mackerel came to this country from in the order named): England, Canada, Ireland, Norway, Netherlands, and and.

the same year the largest supplies of salt herring came to this country from (and e order named): Canada, Labrador, and Newfoundland, Scotland, Netherlands, nd, and England. Only in the year 1918 did Canada and Labrador and New- lland begin shipping supplies of cured herring to the United States. Both in and 1919 considerably more than half of the total American imports of cured g were supplied by Canada and Labrador and Newfoundland.

land, as your returns show, is the third principal supply country of imported rel on your markets: she is the fifth principal supply country of imported herring. 17, before Canada and Labrador entered the market, Ireland held the third on among foreign countries supplying herring to your people.

s generally understood that the salt-fish supplies on the American markets are y consumed by the working classes in the cities and towns and by agriculturists erior districts, where this is the only form of sea food suited to the peculiar con- s of living in such districts. To place a tax on imported salt fish would result reasing the price of this important and nutritious article of diet to these classes ır citizens.

loes not appear that any resultant gain would accrue to your national fisheries he imposition of such tax.

he first instance, American supplies of native cured mackerel and herring are tedly inadequate to meet the large domestic demand for this foodstuff. Your es appear to cater mainly for the fresh-fish market, which is certainly the most able branch of the trade.

ing the war, when imports of cured mackerel and herring fell off, the native ry did not respond to the opportunity thus afforded by the inadequate supplies g from Europe at the time to this country. The high prices then offering for ade of foodstuff did not tempt your fisheries to endeavor to supply the demand. ently, the fresh market absorbed the main bulk of their produce and gave them and quicker returns on their investments. The demand continued unsupplied ır native producers, and Canadian and Newfoundland supplies came forward to e want.

Again, in previous administrations when a tariff was imposed on foreign-cured entering your markets, such tariffs neither kept out the foreign supplies to an appreciable extent, nor did your native fish-curing industry avail of the opportunity provided by such handicap on foreign imports to secure the home market in mackerel and herring for the home-produced article. The tax merely increased the cost of the cured fish, both domestic and foreign, to the working classes in this country who, as already pointed out, are in the main the chief consumers of this food. It is quite possible, too, that the increased price demanded, under the tax, fish enabled the fresh-fish vendors to secure increased prices for their daily supply of fresh fish. Most taxes, where imposed to help a home industry, usually work after this fashion.

From my knowledge of the fish industry in this country, it appears to me that industry (when compared with the position of the imported salt-fish trade) now will always occupy a favored position here by reason of certain facts, knowledge which is common to all persons interested in the fish business, namely:

(*a*) The American markets can consume all the supplies of fresh fish made available for consumption by American fish-producing companies.

(*b*) The American market is not only at the door of the American fish industry, the market is at all times responsive to the American product as such.

(*c*) The long oversea haul with incidental heavy freights, insurance, protracted delays resulting in deterioration of quality of fish, financial loss to shipper, etc., constitute a big handicap and a financial tariff against the imported commodity and favor of the home product.

(*d*) The obsolete amd almost hopeless financing of foreign fish supplies entering United States markets make the trade practically an unprofitable one for foreign producers.

In my judgment, it would indeed be a very easy matter for American producers of salt mackerel and herring to capture and retain for themselves the native market in this commodity. They could secure the monopoly of the trade, and without asking the United States Government to put a tax on competing imported fish, provided they were in a position to supply the American market steadily with the quantities demanded. This it appears they are not in a position to do, and no tax that Government can impose on the foreign product will enable the American fish industry to get a hold of this trade in salted mackerel and herring.

POSITION OF THE IRISH INDUSTRY.

The fishing industry in Ireland is a declining one. This is borne out by the fact that there are fewer persons and boats now employed in the industry, and the annual catch is very much smaller than the catch a decade and more back.

The industry is inadequately financed and in an unorganized condition. little attention has been devoted to the industry by the English authorities not even protected from the marauding steam trawlers of neighboring countries. The facilities for marketing the catch are indifferent and constitute a severe handicap to the trade.

The fishing is mainly inshore drift-net and hand-line fishing. There are very trawlers of Irish ownership employed in the trade. The catch in the main consists of mackerel and herring.

Fishing is the main source of income for the 20,000 persons (with dependents numbering in all about 80,000 souls) employed in the calling.

Owing in the main to the absence of facilities for marketing the fresh catch, curing of the fish is largely followed.

The United States is and has, for a long number of years, been the chief market for the cured supplies of Irish fish.

Whenever the market for salt mackerel and herring is depressed in America, fisherfolk and their families in Ireland are seriously affected in their little incomes. An unresponsive market for Irish cured fish in this country reacts detrimentally upon the industry in Ireland.

The increased cost of living in this country depresses the market for cured fish. This means not only a drop in prices to the shipper, but it also means that unsold and unsalable supplies remain on hand at the end of the season.

To place a tax on imported cured fish entering America would mean increased cost of living to the poor in this country, and this would tend in turn to depress the market here for Irish salt mackerel and herring.

Just now, when steps are being taken in Ireland to organize and finance the industry adequately by the Irish government, a depression of the market here for Irish salt fish would retard such belated development as is contemplated there. We are

ie fisheries districts along cooperative lines; we are helping them financially, so as provide larger and more suitable motor-driven boats, better gear, and all-round etter facilities for the successful conduct of the industry. We have great hopes of, time, placing the industry on a paying basis, producing a better graded and superior iality article, and of enabling the fisherfolk to derive a decent income from the dustry, and so making it a benefit to them and to the nation as a whole. Here in ur country we are planning on marketing our cured fish on better conditions, finanil and otherwise, and this is a point that the importers here will appreciate. I peat, to impose a tax on these imports now would prove anything but helpful to us Ireland who are planning to build up an industry on sound lines, and who hope as a nsequence to produce and place on your markets a foodstuff unexcelled in quality d marketed on a strictly competitive basis.

There is one more consideration I wish to place before your committee, arising out this question, before I conclude. My mission to this country is to promote closer de relations between Ireland and America. Our external trade is valued at 700,000,000 in value yearly. That trade has been in the past practically the sole mopoly of England. Ireland is desirous of buying American goods where she can; is also desirous to sell to America such products as she has and that America may ed. The direct trade of America and Ireland is less than $100,000,000 in value nually. With good will and cooperation there should be little difficulty in increas; that trade tenfold. It would be to the mutual advantage of both the United ites and Ireland.

English shipping has had the carrying almost exclusively of Ireland's enormous eign trade. Ireland is most anxious to see American shipping in Irish waters. are prepared to support American shipping to the best of our ability. The United ites Shipping Board a year back placed some United States tonnage on the direct ierica-Ireland trade. I am glad to say that the venture has passed the experintal stage and is now on a permanent and paying basis. Full cargoes regularly go ward from New York to Irish ports. So far none of the United States ships have urned in ballast. Each ship brings back cargo for the American markets. Part the return cargo consists of the cured fish that we are now dealing with. Formerly s fish was imported here via Liverpool and on English ships. We are anxious to this trade increase and are planning bringing cargoes direct also to Boston. We ite your cooperation in this work. By allowing this fish to continue to come into ierica free of import duty you will help us to provide cargo in increasing quanti- for the American shipping now on the Irish route. Also, by not depressing our ports to your country by taxation, you will enable us to buy our requirements in er lines from your producers, and in larger measure than heretofore, and so to- her we may cement the commercial relations that now happily have been begun ler promising circumstances by our respective peoples.

ATEMENT OF ASHTON W. THOMAS, REPRESENTING THE PACIFIC CURED FISH ASSOCIATION.

Mr. THOMAS. Mr. Chairman, I appear here as a representative of Pacific Cured Fish Association, operating principally in Alaska; night say altogether in Alaska.

I appeared before the Ways and Means Committee of the House d asked that a duty of 2 cents per pound be placed upon pickled rring on the net weight of the fish. As the bill has been reported, has been changed so that it reads one cent and a half a pound on the gross weight of the fish in the container. However, that es not change the amount.

Senator McCUMBER. Would that be a greater or a less amount on the fish content?

Mr. THOMAS. That would be the same as was asked, so far as the rrel and contents that we use in Alaska is concerned. It might t be so with respect to some barrels. We use heavy wood out re, and we find that the barrel and the contents weigh about 100 unds, so that the duty would be about the same. I do not know y that change was made. I have no remarks to make on that re.

I am here merely to ask that the duty as proposed by the Ways and Means Committee stand, in order that the industry, as started in Alaska, may continue to develop.

I am speaking now as a producer, as one who has every cent that he has invested in the industry in Alaska.

Our plant represents an investment of about a quarter of a million dollars. I wish to say in that connection that the investment there is largely the result of solicitations on the part of this Government through the Bureau of Fisheries and the Food Administration.

During the war importations of these fish were largely, if not altogether, shut off, and so the Government sought a supply, and they found the fish in Alaska. They found a fish that met the needs in every way, as to quality, size, etc. The fish have met with great favor in the American market, and the industry has grown very rapidly during the war.

Senator DILLINGHAM. Of what kind of fish are you speaking now

Mr. THOMAS. Herring.

Senator WATSON. Are you satisfied with this provision just as it is

Mr. THOMAS. Yes, sir.

Senator WATSON. Is there anybody who objects to it?

Mr. THOMAS. I think there will be; yes, sir.

Senator McCUMBER. Do Norway, Sweden, and Denmark expo any of these fish?

Mr. THOMAS. Yes. Our principal competitor, however, is Scotland

Senator McCUMBER. There has been some objection upon the pa of others.

Mr. THOMAS. Yes.

Senator SMOOT. What you want to do is to strike out the wor "immediate container and the brine, pickle, and salt."

Senator McCUMBER. That would leave it too low for protection.

Mr. THOMAS. I meant to say that a cent and a half upon the gro weight of the fish is practically the same as 2 cents on the net weig of the fish. I suppose the object of the change was to obviate t necessity for weighing the contents.

Senator McCUMBER. The real question is the duty upon the fis

Mr. THOMAS. Yes.

Senator McCUMBER. And whether one cent and a half per pou on the fish themselves is sufficient.

Mr. THOMAS. It is not.

Senator McCUMBER. In other words, you ask that "immedia container and the brine, pickle, and salt" be stricken out, so that cents will apply only to the net weight of the fish?

Mr. THOMAS. I do not know what others may ask, but in ord to exist in Alaska and to develop this industry we have to ha 2 cents a pound.

Senator McCUMBER. You think that you can not exist on cents per pound?

Mr. THOMAS. No. It costs us to lay down a barrel of fish, cons ering the transportation from Seattle to Boston, $6.50, and t freight down the coast of Alaska from the packing plant is $1.50

Senator LA FOLLETTE. What does the product sell for per pou

Mr. THOMAS. The price ranges from $15 to $17 per barrel.

Senator LA FOLLETTE. And there are about 100 pounds in barrel?

Mr. THOMAS. No; 250 pounds.
Senator LA FOLLETTE. Two hundred and fifty pounds in a barrel?
Mr. THOMAS. Yes; 250 pounds.
Senator LA FOLLETTE. What did you say the price is per pound?
Mr. THOMAS. $15 to $17 per barrel for a barrel of 250 pounds net weight. That has been the price this year.
Senator WATSON. You say that the rate from Seattle to Boston is 6.50 a barrel?
Mr. THOMAS. Yes, sir.
Senator WATSON. By rail?
Mr. THOMAS. Yes; in a refrigerator car.
This is a mild-cured product, and it has to be handled in a refrigerator car. It can not be shipped in an ordinary car.
Senator LA FOLLETTE. It is caught by seining?
Mr. THOMAS. Yes; seining almost entirely, in Alaska.
Senator LA FOLLETTE. And it is caught in great quantities, is it?
Mr. THOMAS. Yes; in large quantities.
Senator LA FOLLETTE. Where is your factory?
Mr. THOMAS. Port Ashton, Prince William Sound.
Senator CURTIS. Are other people engaged in this industry?
Mr. THOMAS. There are six plants.
Senator CURTIS. How many people are employed?
Mr. THOMAS. About 500 this year, I should say.
Senator CURTIS. Is this the industry that a former Secretary of Commerce appeared before the Appropriations Committee in behalf of and asked for an appropriation?
Mr. THOMAS. Yes; this is the industry.
Senator MCCUMBER. How much capital is invested in the industry?
Mr. THOMAS. About a million dollars.
Senator MCCUMBER. Are there any further questions? Is that all you wish to say?
Mr. THOMAS. Yes; that is all. I thank you.

STATEMENT OF GEORGE E. WILLEY, BOSTON, MASS.

Senator MCCUMBER. State your name and address for the record.
Mr. WILLEY. George E. Willey, 220 State Street, Boston, Mass.
Senator MCCUMBER. You wish to speak on the same subject as these other gentlemen?
Mr. WILLEY. I wish to speak on items in paragraphs 720 and 721.
Senator MCCUMBER. Proceed in your own way.
Mr. WILLEY. Mr. Chairman and gentlemen of the committee, I did not know until last night just what the conditions were, and after talking it over after my arrival yesterday, we thought it best not to take too much of your time, so that a number have asked me to present their case and I shall try to do so as briefly as I can, bringing out those points and facts which I can verify by statistics.
Senator MCCUMBER. So that we may understand your testimony better, I will ask you if you represent producers of fish in this country, or importers, or both?
Mr. WILLEY. Both producers, importers, and dealers; in fact, I was going on to say that I am representing myself, from Boston, the Boston Fish Commission Dealers' Association, the Preserved and

Salt Fish Dealers' Association of New York, the Philadelphia Salt Fish Dealers' Association of Philadelphia, the Mid-West Salt and Canned Fish Association of Chicago, and a vast majority of salt-fish dealers throughout the United States, and many producers on the Atlantic coast of this country.

We hereby respectfully protest against the high duty proposed in the Fordney bill as passed by the House of Representatives on June 29 on mackerel and herring, which ranges from 42½ to 67½ per cent ad valorem, as per paragraphs numbers 720 and 721.

I may give you a little of the history of the tariff on herring and mackerel. Salted and pickled herring and mackerel are on the free list under the present law. They furnish an economic and nutritious food for the people of the middle classes and more especially for the poor, and in certain sections of the country herring is one of the principal articles of diet. There are many reasons why these products should have been left on the free list if the economic necessities of the Nation in any way permitted it. Under the previous tariff herring were dutiable at the rate of one-half cent per pound net weight; that is, the weight of the fish exclusive of the container and of the brine, pickle, and salt, equivalent to $1 to $1.25 per barrel, while mackerel paid a duty of 1 cent per pound of net weight equivalent to $2 a barrel. The standard net weight of a barrel of mackerel is 200 pounds of fish and of herring 200 to 250 pounds of fish.

It is now proposed in paragraph 720 to increase the duty on herring at the enormous rate of more than four times the former duty by imposing a duty of 1½ cents a gross pound; that is, including the weight of the immediate container and of the brine, pickle, and salt, which means a duty of $5.25 per usual or standard barrel of the gross weight of 350 pounds.

Senator SMOOT. If the words "including the weight of the immediate container and the brine, pickle, and salt" are stricken out, will that be satisfactory?

Mr. WILLEY. No, sir.

Senator SMOOT. What rate do you want?

Mr. WILLEY. We want 1 cent a pound on mackerel.

Senator SMOOT. And one-half a cent a pound on herring?

Mr. WILLEY. Yes; one-half a cent per pound on herring. The duty on mackerel is likewise fixed at 1½ cents a gross pound, which means a duty of $5.40 a barrel on the customary weight of 360 pounds gross. In this connection we may state the salt and brine have no commercial value, but merely preserve and keep the fish in edible condition. The brine and salt are heavier than fish, and a barrel, say, with 150 pounds of herring and filled with brine would weigh more than the same barrel packed with 200 pounds of herring and the balance brine.

A duty of $5.25 on a barrel of herring is equivalent to about 65 per cent ad valorem—the average price of a barrel of herring being $[illegible] per barrel—an unheard of rate when applied to articles of food for the people and not of course in any sense a luxury, whereas caviar, the highest-priced delicacy of the fish line, only bears in the proposed bill a duty of 28 per cent. A duty of $5.40 on a barrel of mackerel is equivalent to about 42½ per cent ad valorem, the average [illegible] price being $12.70 per barrel. Certainly also a very excessive rate on an article of food. The above duty is limited to herring and mackerel packed in containers weighing with their contents more than

ounds. It may be observed as an added circumstance not easily cplainable that by paragraph 721 a duty of only 20 per cent ad alorem is assessed on fish by whatsoever name placed in containers eighing less than 30 pounds.

Senator SMOOT. Are you objecting to the rate in paragraph 721?

Mr. WILLEY. No, sir.

Senator SMOOT. It is just paragraph 720 that you want decreased?

Mr. WILLEY. I am coming to that a little later.

Senator SMOOT. I wanted to mark it on my paper so that I would now.

Mr. WILLEY. Pickled herring and mackerel have always been nown as a poor man's food. The proposed increase is an injustice this large public consuming these food necessities to a value of pproximately $9,000,000 a year, while the proposed duty on food ixuries is much lower.

We do not believe that it is the sense of this administration that ie luxury foods for the rich should be assessed an average duty of 5 per cent and that the laborer should pay 42½ to 65 per cent on the ods which must be imported because they can not be produced in ifficient quantities in this country to satisfy the consumptive emand.

There is little or no competition between the imported and the omestic product due to the inherent characteristics of the imported sh and the limited quantities under any circumstances obtainable the domestic. Herring coming from foreign countries vary from ie domestic product in quality, due to the difference in the feeding ounds and the temperature of the water and other circumstances.

It has been said by those who have asked for a higher duty on erring that it should be placed thereon in order to protect the idustry of herring catching, packing, and curing in Alaska, and to me extent on the coast of Massachusetts and Maine, but we re-ectfully beg to point out to you the fact that while the production Alaska of pickled herring for food has increased materially since 917, owing to war conditions, it is a positive and uncontradictable ct that only a very small proportion of the herring pickled and sold Alaska are suitable for the table or can be considered a fair com-etitor with the European fish, and that for this small proportion laska has, since the inception of this industry there and up to this ery date, been able to find ready and willing buyers at their own rices, which are fully equivalent and in many instances higher than ie prices for similar qualities of the foreign cure.

Senator MCCUMBER. Did I understand you to say that the fish are ot fitted for the table?

Mr. WILLEY. The larger portion; yes.

Senator MCCUMBER. Then, how is it ever fitted?

Mr. WILLEY. They have been put in oil and fertilizer.

Senator MCCUMBER. It is not shipped out at $8 a barrel from laska as a fertilizer, is it?

Mr. WILLEY. They would not bring it here. They might ship it own, but it would not prove suitable.

Senator MCCUMBER. If it is not suited for table use, what use is iade of it?

Mr. WILLEY. That which comes here now is fitted for the table.

Senator LA FOLLETTE. You mean that a considerable portion of each catch is not suitable for food and that portion must be separated from the portion that is suitable food?

Mr. WILLEY. It is only during two or three months of the year that the catch of herring is suitable. They can not compete with the foreign product. They run smaller in size and not so fat. When they do obtain herring that are fat enough they have a good market for them and they bring high prices.

Senator LA FOLLETTE. Then there is a portion of the year when the food is out of season, is that it?

Mr. WILLEY. Yes.

Senator LA FOLLETTE. Is that owing to its condition—I mean, as to its poor food value?

Mr. WILLEY. With reference to most any kind of fish there are certain seasons of the year when they do not run well. It may be spawning time.

To illustrate this fact that at the present time new salt herring imported from Holland packed in barrels is selling very slowly at 5½ to 6 cents per pound, while new salted Alaska herring is being sold rapidly at a rate of 10 cents per pound as fast as they are produced. The latter herring, therefore, it is clear, does not need any protection.

Senator MCCUMBER. At some seasons of the year this Alaskan product is more valuable than that imported from Holland or from the North Sea?

Mr. WILLEY. At the present time that is true; yes.

Senator MCCUMBER. Is that due to the superior quality of the Alaskan fish?

Mr. WILLEY. Yes, sir.

Senator MCCUMBER. And do you mean to say that that superior quality lasts only two or three months in the year?

Mr. WILLEY. Yes, sir.

Senator MCCUMBER. And then you get an entirely different product?

Mr. WILLEY. Yes. That has been our experience.

Senator MCCUMBER. And the product is not fit for table use at all?

Mr. WILLEY. That has been our experience of the past few years.

As far as domestic herring and mackerel are concerned—and I refer now to the Atlantic coast fisheries—we beg to point out to you that neither mackerel nor herring is ever salted and pickled except in such cases as when the supply of fresh fish exceeds the demand for fresh fish or the facility for freezing fish, and in those instances only are mackerel and herring offered and sold to curers for salting and pickling purposes except in a few instances where they have freezing facilities, and the market prices for these fresh fish are usually considerably higher than for such as are used for salting purposes. We also beg to point out to you the fact that as you will see on the statistics attached hereto the production of mackerel available for salting and pickling purposes in the United States has decreased year by year in a very heavy measure. In 1878 the United States produced 196,468 barrels. In 1884, which was the largest year of production on record, 478,076 barrels; while in 1920 only 4,897 barrels and in 1921 but 3,200 barrels were produced and packed.

Senator McCUMBER. In other words, about one-tenth?

Mr. WILLEY. Yes; and this season, which will be practically over i September, it will amount to about 3,200.

The total American consumption of salted mackerel averages oout 100,000 barrels annually. The explanation of the aforesaid eat decline in production of mackerel in the United States is due the absence of the fish in our waters. The captains of the vessels igaged in this branch of the industry repeatedly state that they ive never traveled over so much territory and seen so few fish as in ese past few years. We further attach statistics furnished to the ays and Means Committee as published in Tariff Information of 21, No. 16, dated January 24, 1921, pages 1761–1762, which figures ll show that the importation of herring has at all times been conlerably larger than the production in this country of pickled and lted herring for food.

Senator SMOOT. Your 15 minutes have expired. If you will give e the percentages for paragraph 721 I can mark them down on this eet.

Mr. WILLEY. I shall be glad to do that.

Senator SMOOT. I mean in connection with the House duty named paragraph 721. If you will tell me what changes you want, I ould like to have them now.

Mr. WILLEY. Those that I referred to were statistics as to quanies.

Senator SMOOT. I thought you could say whether 26 per cent on h, except shell fish, packed in oil or in oil and other substances, is at you are asking.

Mr. WILLEY. We are asking one-half a cent per net pound on rring and 1 cent per net pound on mackerel.

Senator McCUMBER. Is it your contention that the Alaskan fish the few months it is selling for 10 cents has no competition?

Mr. WILLEY. No, sir. I consider that they have hardly any comtition. They sell themselves as they are produced.

Senator McCUMBER. And the portion that is produced in the other e months of the year is not edible?

Mr. WILLEY. That portion is not suitable for people who use this ss of herring.

Senator SMOOT. There is a class of people that uses it?

Mr. WILLEY. Not that I know of; at least, not for food purposes, less it is shipped, perhaps, to some foreign countries.

Under paragraph 721 we would respectfully petition that the e of duty on salt, pickled, or green fish be 1 cent per pound, our sons for the same being that we do not produce certain grades fish under this class to anywhere near supply the demand and that st of the larger producers of codfish in the States have to rely l purchase them from foreign sources to supply their demand, l compared with the rate as is now proposed for boneless fish, it nore in line, for otherwise it would have a tendency for the procers on foreign soils to manufacture their product themselves it would be a comparatively lower rate of duty in this manner, l as can readily be seen this would be an injustice to our Ameril labor here.

Senator SMOOT. Is that in bulk or in containers?

Mr. WILLEY. That is in bulk; yes.

The imposition of the additional duty would tend to decrease the use of fish as an article of food. The consumption of fish in the United States is 19½ pounds per capita per annum; in England 45 pounds, and in Continental Europe 100 to 130 pounds. It would seem that instead of curtailing the supply of fish by heavy and prohibitive duties, it would be well for the health and economy of the nation to promote the same as much as possible. If we could obtain sufficient supplies of suitable fish in this country we would much rather do so than handle the foreign products, thus eliminating the many risks and troubles that arise in dealing with the countries on perishable commodities such as ocean transportation, fluctuations in exchange, and slowness and uncertainty of mail communication, and the frequent difficulities experienced in making proper adjustments with foreign shippers, when shipments do not grade up to standard.

The proposed duty will tend to destroy, if not entirely, all importation of herring and mackerel. If importation be stopped no revenue would be produced on this particular article, while if assessed with a reasonable amount of duty the consumption would be sure to continue, and in that way the revenue would come into the Treasury instead of being eliminated by stopping the importation. The proposed duty would deprive a large part of the population of the country of a necessary and customary article of food, or at least very materially increase its cost; it will not benefit American labor, as the cost of pickling is no lower in exporting countries than in America, but in fact appears to be higher. America can not produce sufficient fish of this character to supply the demand, and importation, therefore is a positive necessity; it will seriously disturb the commercial relations of the United States with the exporting fish countries and injure American exports to these countries. It is therefore respectfully submitted that the Payne-Aldrich tariff rates of one-half a cent per net pound on herring, 1 cent per net pound on mackerel, and 1 cent per net pound on codfish are just and reasonable, and that they be restored.

And now, Mr. Chairman, I want to correct, perhaps, some of the statements which were made by an honorable Member from Alaska which perhaps might be misconstrued. He laid great stress on the fact that I was representing importers, which was partly correct but not wholly. As a matter of fact, the importers are a small portion of the associations for which I talked.

I am a producer myself in the East.

On the herring which he spoke about he asked for 2 cents a pound duty. The type and the quality of the herring on which he is asking for that duty is so small comparatively—only about 2 or 3 per cent of the amount of herring used in the United States—and you are going to cut off your importations of thousands of barrels from Nova Scotia, Newfoundland, Scotland, Norway, Holland, and all those countries of hard-cured herring, which are the poor man's article of food to-day.

With that duty, as is proposed, of $4 per barrel on those fish, which :e only worth $5, $8, or $9 a barrel, and with thousands of barrels)ming in here, you will readily see they can not possibly do it. He ferred to paragraph 1645, of frozen herring, as a poor man's article food. I think that paragraph, according to what I have heard, going to be changed. That was put in for the Maine sardine people, id frozen herring is not the poor man's article of food; they never ere, and only can be used in one or two of the coldest months of the ar, and they have never come in competition with the salt herring all; and, furthermore, I would simply like to state that in any riff we have ever had there is always a distinction made between rring and mackerel, because the relative value of herring is not 0 per cent of the value of mackerel.

[Tariff Information, 1921.]

Alaska herring, 1905 to 1920, inclusive.

QUANTITY PACKED OR CURED.

	Total to 1905.	1906	1907	1908	1909	1910	1911	1912
Bait:								
Fresh....pounds..		445,000	650,000	670,000	911,000	574,350	1,139,850	3,624,000
Frozen....do....						522,500	750,146	740,000
Food, pickled....barrels..	38,770	1,447	2,936	1,030		1,195	4,651	3,857
Bait, pickled....do....		4,450	3,750	4,355	5,572	1,906	2,080	2,270
Food, dry salt....pounds..						45,600	2,027,770	4,204,846
Oil....gallons..	4,281,420	87,666	80,877	109,200	214,635	277,000	343,000	235,000
Fertilizer....tons..	14,659	674	502	748	1,075	1,308	1,760	1,280
Food:								
Fresh....pounds..			12,000	10,000	10,000	10,000	18,645	4,041,000
Frozen....do....								13,550
Smoked....do....	39,885	67,249	22,940					
Sardines....cases..	3,173							

	1913	1914	1915	1916	1917	1918	1919	1920
Bait:								
Fresh....pounds..	3,936,500	3,531,100	2,757,020	2,124,600	2,093,600	1,407,200	1,254,926	
Frozen....do....	231,935	1,396,680	2,646,390	841,800	3,996,180	4,253,835	2,444,655	
Food, pickled....barrels..	3,462	1,955	8,956	18,079	21,198	88,819	41,956	36,440
Bait, pickled....do....	1,381	2,450					40,000	
Food, dry salt....pounds..	5,259,520	628,000		197,000	165,000	100,000	510,000	
Oil....gallons..	260,000	192,662	130,028	188,926	205,992	138,012	169,374	
Fertilizer....tons..	1,200	963	619	875	1,037	645	856	
Food:								
Canned....cases..				19,850	49,295	31,719	101,850	
Fresh....pounds..					6,000	606,326		
Frozen....do....	13,371				17,082			
Smoked....do....				60,000	21,600			

VALUE.

	Total to 1905.	1906	1907	1908	1909	1910	1911	1912
Bait:								
Fresh		$2,200	$4,875	$5,020	$10,370	$5,203	$7,200	$27,075
Frozen						5,225	4,580	7,900
Food, pickled	$200,158	9,093	21,809	7,750		10,784	30,928	27,466
Bait, pickled		9,075	9,375	10,580	12,376	3,199	3,968	4,600
Food, dry salt						954	16,603	40,947
Oil	1,055,368	21,917	16,175	21,000	42,827	50,000	75,460	51,700
Fertilizer	349,349	16,850	17,020	24,000	30,713	40,000	61,600	38,700
Food:								
Fresh			360	300	300	300	990	40,740
Frozen								150
Smoked	2,334	2,219	780					
Sardines	12,059							
Total	1,619,268	61,354	70,394	68,650	96,586	115,665	201,329	239,278

	1913	1914	1915	1916	1917	1918	1919	1920
Bait:								
Fresh	$22,245	$22,334	$16,561	$31,100	$25,735	$17,827	$11,210	
Frozen	2,291	6,241	19,300	5,448	31,821	36,654	24,246	
Food, pickled	26,832	20,595	78,238	166,062	248,299	1,381,008	600,550	
Bait, pickled	3,297	4,800					800	
Food, dry salt	50,183	6,640		9,830	11,349	1,500	20,150	
Oil	52,000	38,532	26,005	47,231	82,396	97,000	110,800	
Fertilizer	33,000	24,075	15,475	21,875	40,000	47,250	56,653	
Food:								
Kippered				132,330	326,522	231,735	851,761	
Fresh					480	6,564		
Frozen	1,257				427			
Smoked				4,200	700			
Total	191,105	123,217	155,579	418,076	767,729	1,819,538	1,676,170	

Importation of herring into the United States from foreign countries.

QUANTITY IN POUNDS.

Country.	Fiscal years. 1914	1915	1916	1917	1918 (18 months).	Calendar year 1919.
Europe:						
Austria-Hungary						12,2[illegible]
Azores and Madeira Islands				867		
Belgium	40,000					
Denmark	108,414	109,320	40	48,015		4[illegible]
Finland	150,218					25,000
France						20,000
Germany	483,640	13,550				
Iceland and Faroe Islands		680,000	1,020,000	1,767,486	557,780	33,844
Italy	141	17,556				
Netherlands	20,775,513	13,015,884	933,854	24,819,046		9,071,7[illegible]
Norway	8,927,964	7,738,232	2,026,537	127,556	6,009,930	15,513
Russia in Europe	83,509	4,050				
Spain			4,409			
Sweden	577,170	802,536				52,[illegible]46
United Kingdom—						
England	8,658,854	8,000,702	5,843,714	849,276	139,494	2,032,[illegible]
Scotland	15,458,929	29,819,913	25,381,126	11,402,801	8,235,564	13,825,493
Ireland	1,600,508	4,018,365	1,300,925	2,683,613	47,400	2,878,215
North America:						
Bermuda					200	
Canada	17,404,155	17,286,467	37,133,809	24,990,914	46,311,159	24,538,929
Newfoundland and Labrador	2,846,375	7,609,294	14,887,586	19,013,895	34,580,968	21,633,47[illegible]
West Indies					42,500	
British—						
Barbados			340,375			
Other British					278,856	
Asia:						
China		550				
Hongkong	1,506				300	944
Japan		329			15,885	4,980
Total	77,116,896	89,116,748	88,872,375	85,703,469	96,240,056	74,145,799

VALUE.

Country.	Fiscal years. 1914 Free.	1914 Dutiable.	1915	1916	1917	1918 (18 months).	Calendar year 1919.
Europe:							
Austria-Hungary		$126					$1,123
Azores and Madeira Islands					$95		
Belgium	$1,004						
Denmark	4,135		$3,705	$2	4,459		5
Finland	5,244	16,250					3,2[illegible]
France		1,450					1,055
Germany	17,292	10,391	507				
Iceland and Faroe Islands			8,201	53,874	125,290	$44,773	3,4[illegible]
Italy	6	6,504	680				
Netherlands	884,064	3,737,921	775,696	92,931	1,613,174		804,225
Norway	253,608	2,375,865	206,494	96,115	14,716	263,303	2,9[illegible]
Russia in Europe	7,331		405				
Spain				193			
Sweden	20,011	13,877	24,982				4,12[illegible]
United Kingdom—							
England	303,994	981,885	233,288	347,346	51,613	8,232	133,13[illegible]
Scotland	574,880	14,182,441	1,013,457	1,550,133	662,314	542,138	1,008,1[illegible]
Ireland	54,817	845,756	153,590	79,833	155,533	5,141	222,551
North America:							
Bermuda						38	
Canada	321,429	1,011,201	388,901	894,976	863,426	2,568,714	1,485,70[illegible]
Newfoundland and Labrador	50,227	113,200	116,834	371,496	552,580	1,698,918	1,395,061
West Indies						2,842	
British—							
Barbados				6,830			
Other British						10,488	
Asia:							
China			37				
Hongkong	93	120				135	142
Japan			27			1,347	555

WORLD'S PRODUCTION OF SALT MACKEREL.

[Compiled by Boston Fish Bureau in annual report of January, 1921.]

The American (New England) catch of mackerel for the past five years has been (in barrels) as follows:

	1920	1919	1918	1917	1916
Fresh	79,799	53,992	63,314	111,932	102,420
Salt	4,897	7,007	13,030	32,162	32,066
Total	84,696	60,999	82,344	144,094	134,486

The condition of the American market for salt mackerel did not encourage the foreign producers, and consequently the catch of mackerel in the foreign countries as a rule has been light.

In Norway the catch improved and was the best since 1914. The catch, however, was about 65 per cent No. 4 and No. 5.

The catch of salt mackerel of the leading countries of the world for 1919 and 1920 has been (in barrels) as follows:

	1920	1919
United States	4,897	7,007
Canada	21,965	35,000
Ireland	45,000	45,000
Norway	22,571	11,173
Total	94,433	98,180

World's catch of salt mackerel (barrels) 1878 to 1920, inclusive.

Year.	United States.	Canada.	Great Britain.	Norway and Sweden.	Total.
1878	196,468	183,919			380,387
1879	220,599	191,448			412,047
1880	349,674	233,669			583,343
1881	291,657	105,722			397,379
1882	378,863	110,352			489,215
1883	226,685	124,093			360,778
1884	478,076	180,170			658,246
1885	329,943	148,429			478,372
1886	79,998	147,962			227,960
1887	88,382	129,610		10,000	227,992
1888	48,205	62,756	15,000	10,000	135,961
1889	21,918	62,237	22,993	10,000	117,148
1890	19,042	96,246	28,390	10,000	153,678
1891	47,816	139,261	8,762	10,000	205,839
1892	51,368	95,044	18,400	14,000	178,812
1893	55,637	67,912	51,252	20,000	194,801
1894	46,321	53,087	45,133	14,050	158,591
1895	24,939	35,554	39,610	5,726	105,829
1896	77,464	37,765	75,375	10,257	200,861
1897	13,154	19,220	48,352	9,784	90,510
1898	14,286	24,913	54,261	8,795	102,245
1899	23,468	21,145	84,751	16,310	145,674
1900	87,967	70,436	16,421	18,857	193,681
1901	67,391	68,649	25,240	26,664	188,244
1902	45,534	34,742	35,713	12,889	128,908
1903	44,392	64,799	64,646	19,612	193,459
1904	28,973	27,320	67,781	28,717	152,791
1905	29,301	40,409	81,367	34,017	185,094
1906	10,138	52,075	42,604	28,999	133,816
1907	31,396	34,962	38,643	25,445	130,446
1908	21,267	66,314	68,001	42,999	194,442
1909	17,542	43,427	58,189	39,651	127,193
1910	3,395	11,858	79,863	108,000	203,116
1911	68,633	11,980	36,663	72,000	127,276
1912	8,267	17,000	68,000	63,462	156,813
1913	7,809	36,015	29,389	41,726	114,939
1914	15,521	24,277	30,830	35,512	106,140
1915	19,691	26,281	10,000	12,211	68,183
1916	32,066	28,324	20,250	1,480	82,120
1917	32,162	30,294	41,500		104,056
1918	13,030	28,392	50,504		83,442
1919	7,007	42,897	45,000	11,173	98,180
1920	4,897	21,965	45,000	22,571	94,433

STATEMENT OF JENNIE D. HEATH, REPRESENTING THE NATIONAL HOUSEWIVES' LEAGUE.

Mrs. HEATH. Mr. Chairman and gentlemen of the committee, I am very glad that I do not find it necessary to deal in figures, and I know that you are glad, too. The gentlemen who have preceded me have saved me that. Although I have quite a number of figures jotted down, I shall not use them. I was wondering how I was going to remember them, and now I find that it is not necessary.

I want to say to you that I represent here to-day the women who have signed this resolution. It represents the housewives from every State in the Union, I believe. I think that we have not missed one. The signatures are those, as I have said, of housewives.

I am the president of the National Housewives' League, which was organized in 1911, and which has been trying to bring down the cost of living. It has been trying, moreover, to make the women of this country realize that they have a real business, a profession, an industry, that needs the same protection here in Washington that all other industries need and seek. In other words, I am here representing an economic force, the purchasing force of the world. I do not know that it is necessary to tell you, because you undoubtedly know it, but I will say to you now that the women of this country spend 90.75 per cent of all the money that is spent. I assume that you know that.

Senator WATSON. I think you are a little shy on your figures. [Laughter.]

Senator CALDER. Did you say 90.75 of 1 per cent?

Mrs. HEATH. No. I said they spent 90.75 per cent of all the money.

Senator SMOOT. That is the average; some spend more. [Laughter.]

Mrs. HEATH. Some spend more. That is true. I thought of that this morning, particularly when I listened to the discussion on fox furs. I could see some of them spending a great deal more for fine furs.

So, I repeat, that we are an economic force, and that we have been trying, since 1911, to bring that economic force into the body politic.

In securing signatures to this resolution—and I may say that there is but one resolution, so that you need not be frightened—I endeavored to get not only those women connected with the Housewives League but others as well; so that this resolution represents other organizations as well. It is signed by such people as Mrs. Scott, who is an ex-president general of the D. A. R., and others who are working independently of the National Housewives' League.

Away back in 1891—possibly I should not confess to those figures—I was a worker on the East Side in New York City, at that time engaged in settlement work. I dealt with and tried to help the poor people, particularly in the management of their incomes for the sake of the home. At that time my investigations showed that practically all of the troubles in the home came from a lack of knowledge on the part of the housewives as to just how to spend money for the best interests of the home. I am still struggling with that problem of these poor people, and am even engaged in similar problems concerning those of larger income. But it is for these people that I appear here to-day in regard to the fish tariff.

Herring and salt mackerel are used, as you know, very largely by he small wage earner.

Of course you gentlemen know that at this time we are constantly eing reminded that the cost of living is coming down. According o statistics it is coming down. However, I have been, since the ar, making an intensive study of that matter, irrespective of figures, nd I find that prices fluctuate considerably, so that while prices ay be coming down with respect to some articles, as a whole the ownward trend is not very noticeable in the family budget. The esult is that the housewife is at her wits' end to know just how to uy to make ends meet. If she finds that sugar, for instance, is lown, she is sure to find that something else is up. Conditions, so ar as the relief of the family is concerned, seem just as bad as before.

Regarding the people who use this fish, my attention has been pariclarly drawn to them because in many organizations of which I m a member we are doing Americanization work among the foreign orn as well as the Americans. The spirit of bolshevism is rather ife these days. The spirit of unrest prevails. Anything that would nake prices rise should be fought.

I wish to lay before you some facts contained in a letter which I ent out to these people who signed this resolution.

In June clothing increased in price 0.9 of 1 per cent. Food decreased only 0.3 of 1 per cent. All other items remained stationary. The entire decrease, to the average wage earner's family, was 0.2 of 1 per cent, an amount hardly perceptible in its effect upon the home budget. The so-called "decrease in living costs" for the year ended July 1, was 21 per cent, but living costs still remained 61 per cent over July, 1914.

I think all wages are going down. To-morrow or the day after, it may be, the wages of the steel men are to be lowered. So, anything that is going to raise the cost of living is going to create chaos in the home.

These gentlemen appear here asking for a duty on fish, while there are thousands concerned who do not appear here at all. I realize that the consumer should be heard on every single one of these points. Not that I am wise enough to suggest exactly what you shall do in regard to the tariff, but I do think that the consumer should be heard on every one of these points.

I would like to ask the gentleman who spoke before me what the increase in the price of herring would be if the tariff were made as he asked. I was told that it would increase the price 2 cents a pound on the schedule that you have. I do not want to see the price increased at all. Everything is tacked onto the consumer.

This morning a gentleman spoke about soap, fixing a price on it of about 5¼ cents per pound. Then some one of you asked what the consumer would have to pay, and he said 6 cents, or that it might go up to 7.

The retailer does not follow the market, as we all know. The grocery man on the next corner says to you, "Didn't you see that the cost has gone up to 7 cents?" You may have to pay 8 cents. In other words, the retail man does not follow the market.

That applies to the cake which you were so interested in this morning. What the consumer pays is not based on cost of ingredients and labor; it is based on that plus all the consumer will pay.

So I am here to make that protest. I have become so interested in this subject while listening to-day that you will probably have to listen to me again later on.

I do represent, I believe, the only organization which represents just the housewives. I have here a number of names that I would like to submit to you. I would like to have the names put in the record. The resolutions are all the same. I will leave these with you. I would like to have them incorporated in the record and I would like you to know that this is strongly indorsed.

Senator SMOOT. Would it not be just as well to show the number of signers?

Senator McCUMBER. I do not understand that Mrs. Heath wants to print the names of the signers.

Senator LA FOLLETTE. That is just what she does want.

Senator McCUMBER. You want the number, do you not?

Mrs. HEATH. I would like to have them printed. They represent all parts of the country. I think that the housewife, the consumer, has not been here as much as she should be. I would like to have their names printed to show their protest.

Senator LA FOLLETTE. The brief is a very short one. The names are very significant.

Senator McCUMBER. The list is not short.

Senator WATSON. How many are there?

Mrs. HEATH. I do not know.

Senator WATSON. Would there be two or three thousand names?

Mrs. HEATH. A thousand, perhaps. There will be more in a couple of days. They are still coming in.

Senator SMOOT. You can get several thousand if you will send them out.

Mrs. HEATH. The consumers have not yet been called upon to do this thing.

Senator SMOOT. Oh, they would sign it and send it in just as they do with us. I think you can start propaganda for anything in the United States and get a thousand names signed in 30 days.

Senator LA FOLLETTE. I think that we would have considerable trouble to get a thousand names signed to a petition to increase the cost of living.

Senator McCUMBER. Every consumer is a producer of something and that producer has to sell his product. We have to consider the consumer as well as the producer and the producer as well as the consumer; their interests are concurrent. They all want to live.

Mrs. HEATH. I agree with you fully. I have made quite a study of economics. I think we need protection, but I think also that we want to see competition.

You remember just a little while ago a gentleman spoke about the butter market having been broken in 1911. I had the honor of starting that boycott. The price fell to 26 cents. A telegram came in saying that the price had broken because the consumers refused to buy.

A somewhat similar situation existed with reference to the egg market.

Last year the price of butter was held down because we knew that the Danish butter was coming in and we used Danish butter. It was cheaper than the other and in no way inferior.

We do need this competition. This whole country was built upon mpetition. I think that we should more than ever take a world's ewpoint. We now buy from an international larder; that is, we y from all over the world. We want competition and we need it. ie price of eggs went down on account of imported eggs; the price butter on account of Danish butter.

I have studied the tariff question rather carefully. I know that do need some protection, but the cost of living must not go up.

Senator McCumber. I think you can assume that the present pression in business all over the country is due to the voiceless tests of the people who have had to pay too high prices for everyng.

Mrs. Heath. I will leave this with you gentlemen. I thank you y much for listening to me. I wish that you would consider this the housewives' protest.

ATEMENT OF HON. DAN A. SUTHERLAND, DELEGATE IN CONGRESS FROM THE TERRITORY OF ALASKA.

enator McCumber. I believe you desire to speak on paragraph ?

Mr. Sutherland. I desire to speak on paragraph 718 and I want ay also a few words in regard to paragraph 720.

want to correct the impression which may have been made by the tleman here representing the Boston importing interests. I want ell you that herring are herring the world over, whether it is ing for packing or seasonal fish. At certain seasons they are pred for salting and packing. The Alaska herring is the same as the ing of Norway and the herring of Scotland.

n speaking of the amount consumed by fertilizing plants, the ka herring is seined, and consequently all sizes are caught in the e. The Scotch herring is gill netted. The small fish pass through net, and the large ones are caught and packed; consequently the ormity of size.

enator McCumber. It is the same herring caught at all seasons of year, but different in character.

r. Sutherland. They are not caught at all seasons. There are certain seasons of the year when they are suitable for packing.

nator McCumber. It is also the same herring that is used for r purposes?

r. Sutherland. Exactly. In certain sections of the ocean the ing are of better quality than in other sections. You get down he south toward Puget Sound and southern Alaska and they mall and of inferior quality, but when you get up to the Gulf, in ame latitude as Scotland, you get as fine a quality as there is there in the world. A little farther north into the Bering Sea have the largest herring in the world, a magnificent fish, but it large for the market. It does not seem to be suitable.

nator McCumber. What have you to say as to the herring of ka bringing a much higher price.

r. Sutherland. I do not know that they bring any higher price the finer qualities of Scotland. They are equally as good. I ot claim they are any better, but there are men here representing

the importing interests who will tell you they are selling on the New York market as readily as the best quality of the Scotch fish.

Senator McCUMBER. The preceding witness stated they sold at a much higher price.

Mr. SUTHERLAND. I think he was speaking of just the present time. I think he is speaking of local Atlantic fish, and possibly some Holland fish. It may be the Alaska herring coming in now are a little better than those foreign fish.

Senator McCUMBER. I understood him to say they were so much superior in quality that the foreign fish were not really a competitor.

Mr. SUTHERLAND. I did not quite understand it in that way, but I may not have listened very closely. I think they are equally as good and possibly a little better than any others.

This mild-cured fish is quite an expensive fish to prepare. It has to be placed in refrigerators and transported to market and kept in refrigerators to be sold. I do not concede that it is a poor man's food. These mild-cured salmon and herring have become a luxury, and before the war the mild-cured salmon was exported to Germany and was considered a very great table delicacy in that country.

Now, the gentlemen who have spoken to you in all cases seem to represent the importers, manufacturers, the middlemen. You will notice on the metal schedule not a man appeared who is representing the ore interests. I want to represent the producers' side. The fishermen of Alaska are endeavoring to build up the industry and they hope to be protected under the theory of protecting an infant home industry.

Now, under this bill Capt. Thomas or any other herring producer in Alaska has to pay a duty on each and every one of the materials he uses in his business—his salt, his anchors, his cordage, every thing he uses, a duty is fixed in this bill. To the man who catches the herring, in the case of his flax twine a duty of 56 cents a pound is provided, and in addition a 10 per cent ad valorem duty, but when he imports his product the importer still seems to object to a reasonable duty that will enable him to produce and bring to the market. On the cotton product he uses I want to read into the record the prices the Alaskan producer of fish has to pay for ordinary cotton twine used in his business, and to show the increase during the past two years, and that the price is greater than ever in this month of August, 1921.

Senator McCUMBER. Twine used for what purpose?

Mr. SUTHERLAND. For fishing. It is one of the largest items of expense. It is used in making the seines and traps.

I have talked with the Alaska cannery men, and they do not understand why they have to pay the prices they do for this twine used in their fishing gear.

In 1917 they paid 34.7 cents a pound, in 1918 they paid 48.5 cents a pound, in 1919 they paid 71.3 cents a pound, in 1920 they paid 79.5 cents a pound, and in this month of August, 1921, the 1st of August, they paid 83.5 cents a pound.

Now, that is the way it has increased, and it has not declined. Their cotton, their raw material, is on the free list, and they do not understand that. A duty does not affect it to that extent, and a duty would not affect it to that extent. It means that the

mbination somewhere that exacts this exorbitant price from the rmen of Alaska and other sections.

nator SMOOT. Have you looked it up to find out whether it is nanufacturers, wholesalers, or retailers?

r. SUTHERLAND. No; I have not as yet, Senator. I intend to it up with the Federal Trade Commission. It came to my ition quite recently from a large Alaska packer. He sent me statement of the prices he was paying for his cotton twine. He large user. I do not know the amount he would use, but he d be one of the largest contractors on the coast and would use ge quantity. I think next to labor it is the largest expense have.

nator DILLINGHAM. Do they make their own nets?

. SUTHERLAND. No; these are knit. There is a manufacturing ss it goes through, but it is a very simple process. It is not an nsive process. I understand with the machinery they have that perative can do about as much as 25 or 30 did with the old hand ods.

nator McCUMBER. Are those nets and seines made in Alaska?

. SUTHERLAND. They are made up in webbing. The webbing s in square yards, great rolls, perhaps a hundred fathoms long.

nator DILLINGHAM. And they are paying 83 cents a pound for it?

. SUTHERLAND. Yes. I am calling your attention to the increases g these years, and to the fact that when materials are supposed declining this is higher than it was at any other time.

nator SMOOT. Are the prices named upon the same size of ds?

. SUTHERLAND. Yes. He is speaking of all the same size.

nator SMOOT. If it is all the same size then there is an increase, hat letter could be absolutely true and yet not be out of pro- n to the value of yarn, according to the number and size.

SUTHERLAND. Yes; but they use a uniform size for salmon ing.

nator SMOOT. We have many statements made that on their re true, but when you examine into them you find there is feature like that that has a great bearing upon them.

ator LA FOLLETTE. Are those the wholesale prices?

SUTHERLAND. It would be considered wholesale; yes. Those e prices they have to pay, and they have large deliveries, and robably have bids furnished by brokers or manufacturers.

ator LA FOLLETTE. It is all large quantities?

SUTHERLAND. Yes, sir. The point is that Alaska has herring finest quality sufficient to supply the world, to supply this t in the United States, that I understand is consuming about million barrels a year. This mild-cured fish is not used gener- hroughout the cities of the East. The fish of the poor people rided for in the bill, the frozen herring, which comes in free of That is marketed in the cities on the Atlantic coast. This ured article is consumed by the foreign element. The Jewish of Russia are great consumers of mild-cured herring.

ator McLEAN. What do they retail for?

SUTHERLAND. In cities?

ator McLEAN. Yes.

SUTHERLAND. I believe about 20 or 25 cents a pound.

Senator McLEAN. It costs them 8 cents or less delivered in N York and retails for 20 to 25 cents?

Mr. SUTHERLAND. I think that is a pretty low figure. I think fact is that when this fish is delivered from Alaska to New Y stands them about $20 a barrel. The freight across the conti is $6.66. The freight from Alaska down is $8 a ton; about $1 barrel.

Senator McLEAN. That would be 8 cents a pound, would it no

Mr. SUTHERLAND. Yes; that is true.

Senator McCUMBER. To what extent does Alaska produce fish fertilizing?

Mr. SUTHERLAND. Perhaps I should have spoken of that. W they catch a load of fish in the seine they select the uniform packing and mild curing and the balance are used in fertil plants.

Senator McCUMBER. They use good edible fish for fertil purposes, do they not?

Mr. SUTHERLAND. Small-sized fish, Senator, but not for ferti I think very little is used for that purpose. They manufactur for feeding chickens. It is called "chicken meal." It is product that looks very much like meal.

Senator McCUMBER. That is considerable of a waste, is it no

Mr. SUTHERLAND. If you could see the innumerable herri Alaska waters, you would not view it that way.

Senator McCUMBER. We used to see that with the codfish East, but you do not see it any more.

Mr. SUTHERLAND. Yes; that is true.

Senator SUTHERLAND. To what extent are good edible fish used for oil, and being destroyed?

Mr. SUTHERLAND. There is one oil-manufacturing plant coast. It consumes quite a few herring.

Senator McCUMBER. What fish do they use?

Mr. SUTHERLAND. Largely herring, with a few salmon.

Senator McCUMBER. I understood some years ago that the used for oil represented an enormous amount or number.

Mr. SUTHERLAND. There are relatively few. They catch in the herring seines.

Senator McCUMBER. I understood that depleted the salmon

Mr. SUTHERLAND. That is not the great cause of the dep of the salmon. The cause of the depletion was overfishing fo mercial purposes, for canning. That is the cause of the dec in the supply of salmon.

Senator SMOOT. Why do they not catch their herring m the same as they do in Scotland, and let the little fish go? T ruin the industry up there if they continue the way they ar catching all those little fish and using them for fertilizing.

Mr. SUTHERLAND. Senator, on the coast of Norway th great number of oil and fertilizer plants. I would say there ens of them. I do not know just the number, but many tim number in Alaska. They have been there for years and years facturing herring into fertilizer, and it does not seem to depl supply to any extent.

Senator WATSON. Did you say there was some sort of herr does not come within the provisions of this act, coming in fro

SUTHERLAND. Frozen herring are on the free list.
tor WATSON. Is that the kind that the lady who preceded luded to, that is used largely in New York City?
SUTHERLAND. That is used in New York and Philadelphia ston and Baltimore. It makes a fine cheap food for the people e cities.
nt to speak a word on paragraph 718. I want to ask that it nded to read as follows——
tor SMOOT. What do you want in 720?
SUTHERLAND. I want it to remain just as it is. I think we are l to that duty. If you want to encourage the pickling of in Alaska it will require that duty. That duty was conceded representatives from Massachusetts. They have agreed that ty is acceptable to the people of Massachusetts, representing w England fishing industry.
tor CURTIS. I would suggest, if this witness is to be heard on ubjects, that as he is here in the city it might be well to let me later, and to hear some of these men from outside the city. not inconvenience the Congressman any.
SUTHERLAND. I have just one other subject, but I will be accommodate the committee in that respect. I am going ere in the city.
tor CURTIS. Go ahead. I thought you had several other s to refer to.
SUTHERLAND. I transacted my business with Mr. Lufkin, of ster, supposing he represented the fishing industry.
tor SMOOT. He might have said that in respect to his section, re were others that did not agree.
SUTHERLAND. I do not know about that. I assume the husetts delegation were agreed on it, from my conversation r. Lufkin.
going to ask that paragraph 718 be amended to read as

t, fresh, frozen, or packed in ice, 2 cents per pound; all other fish, fresh, packed in ice, not specially provided for, 1 cent per pound.

or SMOOT. Would this be satisfactory to you?

t, salmon, or swordfish, 2 cents per pound.

UTHERLAND. Yes; that is acceptable to me.
or SMOOT. What you want is halibut at 2 cents a pound, do not object to salmon or swordfish at the same rate?
UTHERLAND. I do not know anything about swordfish, but I objection to salmon. Halibut is the highest priced fish on ket. As compared with others, the price is away beyond Then, again, the price fluctuates all the time, and I am going have an administrative section placed in the bill, in connec- the increased price of halibut, to read as follows:

sh or fish products, except iced fresh fish, shall be shipped in bond through ntries into the United States, except it be treated and prepared for ship- ited States territory, and such iced fresh fish shall not be transported in gh foreign countries into the United States, except it be the product of es fishing vessels which are registered and outfitted at ports of the United the product of fishing vessels that purchase gear, fuel, and supplies at in excess of the amount required to reach a port of the United States shall foreign fish and liable to the duty provided for in this act.

I do not know just what language you will want to incorp[illegible] the bill, but that is the suggestion.

American vessels are landing their fares at Prince Rupert, [illegible] the Pacific coast terminal of the Grand Trunk Pacific Railroad [illegible] into the United States duty free. But when fish become dut[illegible] question might arise as to just how far they can go in shipp[illegible] a Canadian port. I have no doubt they would be allowed [illegible] leges they have been in the past. In fact, the Canadians [illegible] glad to have them, but I would not want American fishing [illegible] be simply American so far as registry is concerned and pur[illegible] their supplies and transacting all their business at a Canad[illegible] That is why I asked to have that paragraph placed in the bill [illegible] that they may continue to purchase their supplies in American [illegible] At present they can do as they please. The British C[illegible] furnish them with fishing supplies, food, and fuel, but if a [illegible] placed on their product I think they ought to get their supp[illegible] American ports.

Senator WATSON. Do you propose to cover in a protec[illegible] the frozen herring now on the free list, that are shipped i[illegible] people of New York?

Mr. SUTHERLAND. No, sir.

Senator WATSON. Paragraph 718 says. "All fish, fresh, [illegible] or packed in ice, not specially provided for, 1 cent per pound.

Mr. SUTHERLAND. "Not specially provided for." Tha[illegible] specially provide for them.

Senator SMOOT. Paragraph 1645.

Mr. SUTHERLAND. This matter of the bonding of Americ[illegible] landed by American vessels at Prince Rupert I presume is g[illegible] involve some legal questions.

Senator SMOOT. I do not think it can be done.

Mr. SUTHERLAND. And it is for the committee to decide [illegible] can be done.

Senator SMOOT. It could not be done.

Mr. SUTHERLAND. If I can give you any information re[illegible] conditions up there I will be glad to.

Senator SMOOT. You want a provision as to American fish [illegible] in American ships through a foreign country?

Mr. SUTHERLAND. Something similar to the suggested pa[illegible] I read to the committee.

BRIEF OF HON. DAN A. SUTHERLAND, DELEGATE IN CONGRESS FROM T[illegible] TERRITORY OF ALASKA.

It is respectfully urged that paragraph 718 of H. R. 7456 be amended [illegible] follows:

"Halibut, fresh, frozen, or packed in ice, 2 cents per pound; all other [illegible] frozen, or packed in ice, not specially provided for, 1 cent per pound."

The following reasons are submitted for a higher duty on halibut tha[illegible] fish:

First. The halibut is the highest priced deep-sea fish in the America[illegible] The average price paid for halibut at the port of Seattle, Wash., the large[illegible] market in the world, during 1920 was 17½ cents per pound. This is a[illegible] cent more than the average price from the vessel of cod, haddock, hak[illegible] market fish. This price (17½ cents per pound) is much higher than th[illegible] for salmon, except in the case of the small quantity of Atlantic salmon imp[illegible] Canada.

;econd. The American halibut fisherman of the Pacific coast competes in the ierican market with the Canadian halibut fisherman. There is virtually no com-ition in the halibut market of the Atlantic coast. The Pacific coast produced 1920 50,000,000 pounds of halibut and the Atlantic coast produced 4,000,000 inds in the same year.

'hird. The American market for halibut should be preserved for the American erman. The proposed duty would encourage the development and increase of nage of the American halibut fleet. It is very doubtful if the future supply of ibut will be any larger than the present supply.

;y reason of the depletion of halibut banks adjacent to the Pacific coast of British umbia and southern Alaska, these fish must be sought for on remote banks of the :ific in the vicinity of the Aleutian Islands and in Bering Sea, and thus the greater t of the halibut of the future will come from waters contiguous to American territory, : a protective tariff will tend to encourage Americans to engage in the halibut ery and thus industry and consequent population will be added to western Alaska. ry year the halibut-freezing industry is moving westward on the Alaskan coast. 'eezer will operate at Port Chatham, near the entrance to Cooks Inlet, this season, a few more years will find them operating at Kodiak Island and even farther west. t is respectfully urged that the following administrative provision be incorporated I. R. 7456 for the regulation of American fishing vessels landing their fares at alian ports:

That no fish or fish product except iced fresh fish shall be shipped in bond through ign countries into the United States except it be treated and prepared for shipment Jnited States territory, and such iced fresh fish shall not be transported in bond ugh foreign countries into the United States except it be the product of United es fishing vessels which are registered and outfitted at ports of the United States, the product of fishing vessels that purchase gear, fuel, and supplies at foreign ports xcess of the amount required to reach a port of the United States shall be deemed ign fish and liable to the duty provided for in this act."

lmost one-half of the Pacific catch of halibut is now landed at Prince Rupert, ish Columbia. Both American and Canadian vessels land their fares at that port, it is held by the Bureau of Fisheries that 80 per cent of the Canadian catch comes he American retail market.

he Canadian Government, through its elastic system of formulating laws and ilations by orders in council, has in the past granted such concessions to American ermen as would tend to draw commerce to the port of Prince Rupert and thus add age to the traffic of the Grand Trunk Pacific Railroad, of which Prince Rupert is Pacific terminal point.

continuation of the present policy of Congress in admitting fresh fish to the United es free of duty will serve to build up the Canadian fishing fleet and increase the ing population of British Columbia, while the American fishing tonnage will be portionately lessened and the Alaska fishing population will decrease.

respectfully submit that in view of the fact that Canada is striving to develop fisheries on the Pacific by selling in the American market, it is only fair and just merican fisheries that the Congress take steps to protect and encourage them in prosecution of their industry.

Halibut landed at Pacific and Atlantic ports, 1920.

	Pounds.
ific coast ports:	
American vessels	42,155,415
Canadian vessels	7,661,535
Total	49,816,940
ntic coast ports: American vessels	3,822,265
pped from Alaska, included in total	7,054,015
ded at Seattle	19,692,915
ded at Prince Rupert	18,941,035

SMOKED HERRING.

[Paragraph 719.]

STATEMENT OF HON. FREDERICK HALE, UNITED STATES SENATOR FROM MAINE.

Senator HALE. Mr. Chairman, at the request of some of the herring packers of Maine, I would like to introduce an amendment to paragraph 719 of H. R. 7456. The amendment reads as follows:

On line 3, page 88, after the words "ad valorem" insert the words "smoked herring, skinned or boned, 2½ cents per pound." In line 5, page 88, strike out the wo "including herring skinned," so that the paragraph will read, "salmon, pickled, salted, smoked, kippered, or otherwise prepared or preserved, 25 per cent ad valorem; finan haddie, 25 per cent ad valorem; smoked herring, skinned or boned, 2½ ce per pound; fish, dried, salted or unsalted, 1¾ cents per pound; fish, skinned or bone in bulk or in immediate containers weighing with their contents more than thi pounds each, 2½ cents per pound, including the weight of the immediate contain with the contents."

The CHAIRMAN. How much increase do you ask over the Ho rate?

Senator HALE. I do not think it is increased at all. I think t House intended to take care of the matter in their bill.

The CHAIRMAN. You put in the salted fish that are not——

Senator HALE. No; it does not touch anything except herri skinned or boned. The House bill provided 2½ cents per pound fish, skinned or boned, including herring, skinned, in bulk, or in imm diate containers weighing with their contents more than 30 pou each. These fish are never brought into this country in contai of that size; they are brought into this country in containers wei ing 10 pounds, so that the duty does not apply to them at all.

The CHAIRMAN. Then, you desire to make a technical correcti

Senator HALE. Yes, sir.

Senator McCUMBER. But you want to include the weight of container and the salt and the brine and everything as a part of weight of the fish?

Senator HALE. That has nothing to do with these fish. If it is fi as I suggest, the weight of the container will have nothing to do w it; it will simply be a flat duty of 2½ cents on smoked herring, skin or boned, and that, I think, was the intention of the House co mittee.

Senator McCUMBER. Is not that the provision that Minnesota North Dakota, as well as Norway, Sweden, and other Scandinavi countries, were protesting against?

Senator SMOOT. No.

Senator HALE. There is a provision now for a tariff on smoked h ring of 20 per cent ad valorem, when they come in containers of l than 30 pounds, but this will be entirely left out, and this is a furt process of manufacturing, beyond the process of smoking, and they would come in free. I think it is simply a question of a mist on the part of the committee.

Senator SMOOT. I agree with you that the change will make paragraph very much better, and really it is lowering the duty fr what the House has.

The CHAIRMAN. Senator Fernald, have you anything to add?

Senator FERNALD. No; that is all, I think. I am interested in same proposition.

CRAB MEAT.

[Paragraph 722.]

'ATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

Senator JONES of Washington. In reference to paragraph 722, prosing a tariff on crab meat of 26 per cent, I have received some ters from some of our people stating that they understand that ere is strong opposition to this tariff, and they urge its retention.

I have here a letter from the Stuart Co. (Inc.), of Seattle, setting t their reasons for this tariff's being retained. I would like to ve that letter put into the record.

Also, I have a letter here from Mr. John N. Cobb, director of the iiversity of Washington, College of Fisheries, urging the same ing. I would like to have that put into the record.

Senator McCUMBER. Is the supply holding out on the west coast?

Senator JONES of Washington. He says that with proper encourement the industry can be developed very greatly out there.

Senator McCUMBER. What kind of encouragement?

Senator JONES of Washington. He says that this 26 per cent iff——

Senator McCUMBER. That certainly would not encourage the protion of the crab at all; rather, it would have the opposite effect, uld it not?

Senator JONES of Washington. No; I think not, Mr. Chairman. ey would propagate the crab much more extensively if they knew it the industry could be maintained and foreign competition, which largely Japanese, is restricted. If the tariff is taken off, the crab, far as our section of the country is concerned, will very likely dispear, because it will not be propagated.

Senator McCUMBER. We know that the lobster is disappearing very idly from the eastern waters, and I assumed that probably the eater number brought in from a foreign country would naturally serve those that we have; but I do not know. There may be so ny of them out there that they do not need any preserving.

Senator JONES of Washington. No. Protection preserves through opagating. They have to be propagated. They have to be cared in order to insure the supply. Of course, you might think that they propagated amply themselves, if they let others come in from outside, it would make our own supply last; but we find that our and similar aquatic products must be cared for and propagated order to keep up the supply. If people who are likely to go into it industry are prevented by foreign competition from doing so it an injurious effect upon the industry. People go into it, of urse, for money. They do not go into it for philanthropic purses. So, if competition from the outside is so strong that they not make any money, they stop propagating and the domestic oply goes down. That is the way of other things. That is our eat reason for a protective tariff.

I would like to have these letters go into the record.

Senator McCUMBER. They will be printed, Senator.

(The letters referred are as follows:)

SEATTLE, WASH., *August 31, 192*

Hon. WESLEY L. JONES,
Senate, Washington, D. C.

DEAR SIR: As the tariff bill passed the House it carried a 26 per cen[illegible] valorem duty on crab meat.

At the present time all canned crab meat is imported from Japan. [illegible] John N. Cobb, of the University of Washington, who is conceded authority [illegible] canning resources and methods for fishery products on the Pacific Coast, [illegible] mates that Alaska can produce 500,000 cases of canned crab meat annually [illegible] this is considerably in excess of present market requirements.

Competition of the Japanese product has so far prevented any developme[illegible] this resource, as an Alaska product must be canned with American labor [illegible] under American sanitation and plant conditions.

As in the first 10 months of 1920 the Japanese imported into this country [illegible] $2,000,000 of canned crab, you can see that the industry is worth buildin[illegible] and holding for Americans. Practically all of this money goes for [illegible] eventually, in the crab-canning industry.

We are interested in the packing of sea foods and to our knowledge there [illegible] several Washington and Oregon crab packers who are struggling to buil[illegible] the industry with the handicap of packing costs, of which labor is the prin[illegible] item.

Only the meat from the Dungeness type of crab is used while the J[illegible] use the large Spider crab for their pack, which is larger and much coarse[illegible] texture.

Without the protection of this tariff it is a hard fight. We would gr[illegible] appreciate any help you may see fit to give the Puget Sound and Alaska [illegible] packers in retaining this schedule in the completed bill. It is a good [illegible] Whether we are interested or not it is a tariff which will build up this Amer[illegible] industry.

Sincerely,

THE STUART CO. (IN[illegible]

SEATTLE, WASH., *November 5,* [illegible]

Hon. WESLEY L. JONES,
United States Senate, Washington, D. C.

MY DEAR SENATOR: You will doubtless recollect my sending you a [illegible] randum on the building up of the crab-meat industry in Alaska, Wash[illegible] and Oregon in competition with the Japanese crab-meat packers, the [illegible] of whom now control our domestic market. The tariff bill now pen[illegible] Congress imposes a duty of 26 per cent on importations, and some of [illegible] porters are now endeavoring to persuade Congress to either eliminate [illegible] proposed duty or to materially reduce it. The New York importing [illegible] Charles E. Farris Co. have issued a circular protesting against the pr[illegible] tariff, and I have taken their circular and answered it in detail, as per [illegible] randum attached hereto, and would appreciate it if you could place this [illegible] randum where it would do the most good. I have also sent a copy to [illegible] sentative Hadley and Delegate Sutherland, of Alaska.

I feel that this is a golden opportunity for establishing a very imp[illegible] industry, in Alaska particularly, and as most of the packing is done [illegible] spring and fall, it would tend to attract a more permanent population [illegible] Territory and furnish them with a greater opportunity for remunerati[illegible]

Sincerely, yours,

JOHN N. COBB, *Dir*[illegible]

Memorandum re proposed duty on imported crab meat: In a recent i[illegible] the Western Canner and Packer, published at San Francisco, Calif., I [illegible] a reprint of circular letter issued by the New York importing firm of Char[illegible] Farris Co., protesting against the proposed tariff on importations of crab [illegible] As there are a number of statements contained in the letter which mi[illegible] lead if not refuted, I have taken the liberty of answering these state[illegible] seriatim and hope you will present these to the proper committee.

1. Canned crab meat is not packed in sufficient quantities in the United tes to warrant any protective measures."

'hile canned crab meat is not at present packed in sufficient quantities to ply the domestic demand, I am positive that if the industry were protected n the overpowering Japanese competition the canneries now in existence, or jected, could easily be expanded to supply the entire demand. At present e are three canneries in operation in Alaska, while three others (one each at dova, Juneau, and Sitka) are in process of erection. In addition there are or three plants in Washington, and two in Oregon, which have canned s in recent years and would do so again were they able to get a foothold he domestic market. There are also a number of canneries in Alaska, shington, and Oregon devoted to the canning of clams and salmon which d, at but little expense, be adapted also for crab canning in addition to r other work. There are also several crab canneries on the Atlantic coast ch could participate in the work.

s to the raw supply available, would say that the Dungeness crab (*Cancer ister*) is abundant in the waters of Oregon and Washington, although ewhat depleted in the waters of California. In southeast and central kan waters, however, this crustacean is found in wonderful abundance. he present time but little use is made of them, owing to the fact that the h markets are supplied by the Washington and Oregon fishermen, the long expensive haul from Alaska to Seattle, Wash., making competition difficult the Alaska crabbers. As to canned crabs, our packers have not been able to pete with the Japanese packers, due to the low cost of packing this product apan, where labor is abundant and wages very low as compared with the h higher wages paid the far from abundant labor in this country.

Japan the spider crab is the one canned. This is somewhat different in arance from the Dungeness crab, and is especially noted for the pinkiness he claw meat, which makes it especially good for garnishing dishes, etc. same crab is also abundant in our waters, but as it is found in the open n, while our Dungeness crab is a denizen of the protected waters, such as s, straits, and sounds, where it could be easily and cheaply obtained, the ry for the former has been neglected here, although some of the new ers are equipping themselves for its capture.

have had an intimate acquaintance with the fishery resources of the Pacific ring a period of 22 years, and feel I am fully justified in stating that the t States and Alaska could together produce annually half a million cases ungeness crab meat, and possibly more, without affecting the future supply rsely, and this pack could be very materially increased if the spider crab ur waters was utilized. At present but one cannery is depending upon this les for its raw material.

n our Atlantic coast, and notably in the Chesapeake Bay section, is found blue crab (*Callinectes sapidus*). The capture of this crustacean forms one he most important fisheries of Maryland and Virginia, some 50,343,268 nds, valued at $981,807, having been marketed from these States in 1915. of these are shipped alive, boiled, or in the meat, which latter has been ved from the shell after boiling, and packed in large cans, which are not etically sealed and hence must be packed in ice and will keep for only a ed period. The first packers to succeed in packing crab meat in hermeti- sealed cans was McMenamin & Co., but, as noted elsewhere, they, too, been forced to suspend such packing, owing to foreign competition.

2. Canned crab meat has become a popular item in the diet of the American lic, and at present is within the means of the average family."

they state, canned crab meat has become a popular item in the diet of American public, and this is due in part to the publicity work of the pioneer rican packers, McMenamin & Co., of Hampton, Va., who discovered the od of hermetically canning crab meat and continued the work until, so I been informed, they were driven out of it by the Japanese competition. ral Pacific Coast packers, notably one at Blaine, Wash., were also factors he development of the demand during the early years of the present cen- , but were compelled to suspend for the same reason as the pioneers in industry.

he declared value of the canned crab-meat importations during 1920 aver- 53.44 cents per pound. In Seattle retail markets a one-half pound flat of Japanese crab meat is at present (October 31) quoted retail at 60 cents. ead of being within the reach of the average American family it is an ssively expensive article of food and belongs in the luxury class, instead

of being, as it should be, and as I hope it will be if a domestic industry can be built up, in the necessity class.

"3. To place a duty of 26 per cent on crab meat would throw it out of reach of the average family and practically kill the consumption."

The placing of a duty of 26 per cent on crab meat, as proposed in the bill, I do not believe would increase the cost of the product one cent to the American consumer; in fact, I would look for a very material reduction in the quoted price as soon as the business has been thoroughly established here. There are two reasons why I look for this, (1) because the present price on the imported crab meat is high when its cost of manufacture is considered, the fixing of a high price being possible because the foreign packers know our packers will not extensively engage in the business as long as there is doubt about our government extending protection to them in the shape of a 26 per cent tariff, and (2) the pack of American crab meat will be so large that there will naturally be a material reduction in the price, due mainly to competition.

"4. The total yearly importation of canned crab meat in the United States at present is about 50,000 cases. We believe if this duty is imposed it will reduce importations to about 5,000 cases, out of which the Government will derive by tariff only about $25,000. We are of the opinion that if a small tariff were imposed of about 5 per cent, it would not materially affect the importation and the Government would thereby derive a revenue of about $50,000, or double the amount received by the imposition of the high duty."

During the calendar year 1920 the total importations of canned crab meat amounted to 4,078,980 pounds, valued at $2,166,068. The following table shows the importations of crab meat for a term of years, the imports from Japan being kept separate from those from other countries:

Imports of crab meat, 1913–1920.

	From Japan.		From all other countries.	
	Pounds.	Value.	Pounds.	Value.
Year ending June 30:				
1913	2,810,863	$446,232	9,989	[illegible]
1914	2,728,295	445,271	25,817	[illegible]
1915	2,187,283	407,085	113,543	[illegible]
1916	2,946,124	504,415	10,552	[illegible]
1917	4,000,587	883,187	21	[illegible]
July 1–Dec. 31, 1917	1,691,143	270,826	22,600	[illegible]
Calendar year:				
1918	3,148,434	1,027,900	130	[illegible]
1919	2,683,927	1,064,936	5,9[illegible]	[illegible]
1920	4,013,530	2,141,928	65,450	[illegible]

This shows very clearly the immense preponderance of shipments from Japan, in fact, Japanese crab meat virtually monopolizes our market to the almost total exclusion of domestic canned crab meat and importations from other countries.

The only really important question here is as to whether we wish to protect our at present small industry of crab-meat canning and build it up until able to supply our domestic market and have a surplus for export, which I feel sure would not require more than a year or two under the proposed protective tariff, or to turn this business wholly over to foreigners and let them reap all the profits of it except the brokerage commissions of such firms as that of the protestants. If the former is the desire of Congress, and I feel it is, the revenue to be derived from importations can be disregarded, as many times the amount would accrue to American workers and packers in the shape of wages and profits, while many related American concerns, as noted below, would benefit through orders placed for the many articles and supplies needed to carry on the business.

"5. A high duty on canned crab meat will mean a great loss in revenue to many private enterprises and business concerns in the United States, among which may be included:

"(a) Manufacturers—Tin plate, parchment paper, box strapping, nails and ler commodities connected with the packing of canned goods.
"(b) Exporters—Distributing the above lines.
"(c) Importers—Canned crab-meat packers in the United States.
(d) Banks—Financing both the exports and imports.
(e) Jobbers—Wholesalers of groceries and kindred lines.
(f) Merchants—Retailers of groceries and kindred lines.
(g) Brokers—Buying and selling.
(h) Carriers—Rail and water."

he above is an extraordinary claim to make. As the tin plate, parchment er, box strapping, nails, and other commodities connected with the packing mported canned crab meat would be manufactured in the country of origin, ch in this case would be Japan, I can not see wherein our manufacturers ld benefit under present conditions; in fact, the only way in which they ld benefit would be through the building up of a domestic pack, when these s supplies would be furnished by our own manufacturers and thus help to ce the present large number of workers laid off in these industries owing he shortage of orders.

xporters and importers could handle the domestic pack and make as much, ot more, than they do at present in handling the imported pack.

he banks would find it much more profitable to finance the manufacturer of e goods rather than the importer, as the demand for money would be greater the resulting profit correspondingly better.

obbers, merchants, and brokers could make as much, if not more, profit ng and selling domestic crab meat as in the handling of imported goods.

ail and water carriers would profit more from handling domestic crab meat would be the case with imported crab meat, as they would not only trans- the finished product, but also the many supplies needed for carrying on an industry and packing the finished product.

". With the reduced consumption of canned crab-meat, caused by the imposi- of the high duty, the Government will lose the excess profit tax, income transportation tax or sales tax, as the case may be."

the foreign packers of crab meat pay none of these charges at present, e domestic packers would pay all of them, the establishment of a domestic ness would be quite profitable to the Government, both directly and in- tly. As to excess profit tax and income tax now paid by importers on oreign goods handled either they, or other brokers, would pay an equal nt on the sale of domestic pack, so the Government revenues would not duced.

JOHN N. COBB,
Director, College of Fisheries, University of Washington.

BUCKWHEAT, BRAN, AND SHORTS.

[Paragraphs 724 and 731.]

TEMENT OF C. M. COX, REPRESENTING ST. ALBANS GRAIN CO., ST. ALBANS, VT.

e CHAIRMAN. Please state to the committee where you reside.

. COX. I reside in Massachusetts. Melrose is my home address.

e CHAIRMAN. What is your occupation?

. COX. I am in the grain business. My principal place of ness is in Vermont.

e CHAIRMAN. Will you proceed to state to the committee the that you wish to bring before us?

nator WATSON. What articles are you referring to?

. COX. I am here with reference to paragraph 731, and also graph 724, which relates to the duty on buckwheat.

ragraph 731 has to do with by-products of wheat.

rtain items in the proposed new tariff act of 1921 are of great est to grain dealers, farmers, and poultry men of New England,

so much so that at a meeting of the grain board of the Boston Chamb[illegible] of Commerce, held on December 7, 1921, the following resoluti[illegible] were adopted [reading]:

Resolved, That the grain board of the Boston Chamber of Commerce view[illegible] alarm the proposed new tariff act of 1921, known as H. R. 7456, so far as it relat[illegible] the marked increase in the tariff rates of importation on buckwheat, bran, and [illegible] Representing as we do, the wholesale and retail grain interests of New England [illegible] take this method of informing our Senators that it is of material help to New En[illegible] to receive importations from Canada of buckwheat and bran in certain year[illegible] cially when the supply is short in our own country.

I wish to state that paragraph 724 would impose a duty [illegible] buckwheat of 30 cents per hundred pounds, whereas for the [illegible] eight years there has been no duty whatever on this article. [illegible] respectfully request that this product should come in free or that maximum duty be set, not exceeding 10 cents per 100 pounds.

Senator McCUMBER. There has been no tariff on buckwheat?

Mr. COX. There has been no tariff as far as I could find.

Senator McCUMBER. On buckwheat flour?

Mr. COX. No; on buckwheat. By the way, gentlemen, I am spe[illegible]ing wholly about coarse grain, which is used for cattle food and [illegible] food. I am not talking about anything to be used as human food.

Senator McCUMBER. Is that a fair quality?

Mr. COX. Do you know what buckwheat is?

Senator McCUMBER. I know the wild buckwheat that grow[illegible] our fields and that grows in with noxious weeds, from which we [illegible] to eliminate our grain. That is not the kind that you refer to?

Mr. COX. No, sir. It has a little black outside hull, like your [illegible] buckwheat, only much larger. It is used for human food. [illegible] flour from which we make buckwheat cakes comes out of that

Senator McCUMBER. Is the flour made from that?

Mr. COX. The same grain, but so far as our interests are conce[illegible] the people I represent, we care nothing about the human part of [illegible] product. We are interested wholly in buckwheat for feeding [illegible]

Senator WATSON. Is not the buckwheat used for feeding he[illegible] for human food?

Mr. COX. It is a higher grade that is used for human food. I [illegible] not represent any human-food concern.

Senator WATSON. There has not been a tariff on buckwheat?

Mr. COX. Not for many years.

Senator WATSON. Of any grade?

Mr. COX. On any grade. My people looked that up and told [illegible] and I have learned there has not been any tariff on buckwheat f[illegible] least eight years.

Senator WATSON. Are you speaking with reference to buck[illegible] flour grades?

Mr. COX. No; wholly about rough grain, coarse grain. Ten [illegible] per hundred pounds would be satisfactory to us.

Senator McCUMBER. Is there any particular amount of it impo[illegible]

Mr. COX. Not in one sense. It depends upon what you mean [illegible] particular amount.

Senator McCUMBER. In what amounts?

Mr. COX. No, sir. The importation of buckwheat in 192[illegible] 227,000 bushels, while the production in our own country [illegible] 13,789,000 bushels. It is a mere bagatelle, the importation, as [illegible]

ared to our production. You might say that it is a negligible uantity.

There is no item of domestic saving which comes closer to the ommon people of New England than that of keeping a small flock f hens. Their number is legion, and they are scattered through very town and many cities. Buckwheat is fed entirely in New ngland to hens, and is an important adjunct.

Paragraph 731 relates to bran and imposes a duty of 15 per ent ad valorem, which we understand it is planned shall be on a asis of United States valuation. We respectfully protest against n ad valorem basis. It involves serious question as to what price hall be considered a fair value in a country as large as ours, and where e prices in the Middle West are so much lower than in the East, wing to the high rates of freight.

Senator WATSON. You are still talking about buckwheat?

Mr. COX. No, Senator. I am talking about bran now, paragraph 31. We respectfully submit that bran and shorts be put on a pecified basis, and we also respectfully suggest a rate of 10 cents er 100 pounds as fair and reasonable.

A comparatively small amount of bran is imported from Canada hen conditions are favorable. It usually comes at periods, as at e present time, when our mills—which are running only part me—can hardly supply the demand. Bran is considered by rmers as an important feed for cattle and horses. We respectlly urge that the rate of duty be set not to exceed 10 cents per undred pounds on a specific basis.

That is the substance of the resolution of the grain board of the oston Chamber of Commerce.

Senator MCCUMBER. Where do you get your bran from; you y you desire this on account of the high freight rates from the est. How far West do you go for what you use?

Mr. COX. We use a lot from the State of North Dakota.

Senator MCCUMBER. You ship from North Dakota to New Hampire?

Mr. COX. Yes, sir.

Senator MCCUMBER. Why do you go so far as that, when there is large number of mills in Rochester and Buffalo and Minneapolis nd Duluth; why should you go clear to North Dakota?

Mr. COX. We get some from Buffalo; almost none from Rochester. f course bran and wheat products are now used in all the Middle estern States. I have reference to Senator Watson's State, where e farmers sell their whole grain and buy bran and middlings. lany farmers, particularly in Wisconsin and other Western States, re themselves very large consumers of wheat by-products, and hat is one reason why we do not get those products from all secons of the West. The demand may exceed the supply in some estern States.

Senator MCLEAN. You want 10 cents per 100 pounds?

Mr. COX. Yes, specific.

Senator MCLEAN. And that is all?

Mr. COX. And that is all.

Senator MCLEAN. How much bran is imported?

Mr. Cox. I am talking of bran and middlings together. The maxi mum amount in recent years was, in 1919, 59,000 tons, and in 19 it was 30,000 tons.

Senator McCUMBER. Is that bran exclusively, or other by-prod ucts?

Mr. Cox. All the by-products.

Senator McCUMBER. Including middlings?

Mr. Cox. All the by-products lumped together. In 1918 the were only 1,157 tons. It varies, you see, from 1,100 tons to 59,0 tons. The production in our own country of those same artic is 4,818,000 tons. So you see that the amount that I am aski would not affect the value of these products materially. It like a pinch of snuff, if that is a proper phrase to use.

Senator WATSON. How do you arrive at 10 cents a hundr pounds?

Mr. Cox. That approximates about what we were paying.

Senator WATSON. Have you gone into the production costs the United States and Canada, so as to arrive at the conclusion 10 per cent for a fairly protective rate?

Mr. Cox. No. I did not plan to make that a prohibitive rate, but what you would call a reasonable rate. It is the rate we have bee paying under the emergency tariff. Under the emergency tariff th rate is 10 per cent, foreign valuation, and the foreign valuation runnin way up into Saskatchewan, and up into the western sections Canada, is very low. The 10 per cent valuation would not be ver much different than 10 cents per hundred pounds.

Senator DILLINGHAM. What is that worth per hundred pounds?

Mr. Cox. It all depends upon where you live. If you lived ou in Dakota your valuation would have been last October about $9 o $10 a ton. If you lived in New England it would be $20 a ton; $20.5 was our selling price.

Senator WATSON. What is it in Canada?

Mr. Cox. I did not come informed on those figures. All the products are based on what the foreign market will pay.

Senator WATSON. How much of your imports of this particul product comes from Canada?

Mr. Cox. Absolutely all; none from any other market. On reason why we would like the specific rate of duty is because of th great variety in the price in our own country, as between the Wes and the East. Who is to say what the valuation is in this countr when the price is twice as much in New England as it is in Nort Dakota?

Senator WATSON. Because of freight rates?

Mr. Cox. Yes. What is a revenue officer going to use as a is basis? Is he going to take the valuation in Minnesota or in Vermont It is going to make much confusion and much litigation as betwe the importers and the Government. Besides, if you take the valu tion at the port of entry, there again you have the same troubl because the valuation in the Dakotas and in Minnesota six wee ago would have been only half the valuation in Vermont. In oth words, the people in the Dakotas and Minnesota would only hav pay half as much duty.

Senator McLEAN. Take this bran shipped, we will say, from a ieap place of production—one of the Dakotas.

Mr. Cox. Yes.

Senator McLEAN. There it would be worth to you about how uch f. o. b.?

Mr. Cox. Now it would be about $18 a ton to $19 a ton.

Senator McLEAN. And how much would it cost to get it to New igland?

Mr. Cox. About $10 a ton, roughly speaking. Another reason ıy we, who are doing a little importing of this product into New igland, wish the specific rate, is the fluctuations in the market. I ve my quotation card for October 19, showing we were selling in ston at $20.50 a ton, while our quotation card of December 12 ows we were selling at $29.50 a ton, $9 a ton more. If we should y Canadian bran in October it would not be shipped the day we lered it; it might be shipped 30 days after. It would probably e some time in transit; it might be arriving about this time, and valuation now would be $9 more than when we bought it. It a very complex situation.

Furthermore, in paragraph 731 of the proposed new tariff, bran, rts, and other wheat by-products are listed at 15 per cent ad orem, and this is the only ad valorem tariff proposed on any grain grain products not used for human food. All the others are on a cific basis. The same arguments which make for a specific duty on eat, corn, oats, rye, barley, screenings, dried beet pulp, etc., would ly to bran, shorts, and other wheat by-products. We ask that a cific rate be named on wheat by-products, and we very respectly suggest a rate of 10 cents per 100 pounds.

Owing to the very high freight rates now prevailing, the price of n in New England States during the month of October, 1921, was ıble the value of this product in North Dakota.

Senator McLEAN. Does not your price change with the seasons?

Mr. Cox. Yes.

Senator McLEAN. If you had an ad valorem duty you would have change it at least twice a year?

Mr. Cox. You would have to change it every week. Senator, I y say to you that our own house had a case with the Government olving the question of a dispute between the revenue officials and selves on certain products, perhaps a year ago. Certain interpreons were made, different from what they had been, and we won case against the Government, and we were awarded a rebate duty to the amount of about $5,600. We received bills from attorneys for $2,500, and that is what we want to avoid. We e right, and the Government sustained our contention, but the rneys got theirs, too.

The assessment of an ad valorem duty would doubtless be the se of many disputes and much litigation as between importers and Government, as I have said. If American valuation be taken at port of entry, and if bran be entered for ad valorem duty in Minota at $12 a ton, and at the same time entered in Vermont at $22, obvious that Vermonters are paying duty on the freight.

There is sent into New England from the western and central thern States (not including flour or cereals intended for human

consumption) an average of 500 carloads per day of grain and its products, so it is for the advantage of the western farmer to keep the eastern farmer in business. The principal products of the eastern farmer are fresh vegetables, fresh milk, eggs, and poultry. We can not raise beef cattle; we do not raise sheep; we can not raise an appreciable amount of the grain which we consume. We can not bring our milk or fresh eggs or vegetables from the West. We handle 40 carloads of grain and grain products a day ourselves.

Senator DILLINGHAM. You make approximately one-half of the butter in New England, and the butter producers buy every pound of grain from the West?

Senator MCCUMBER. Yes; and you ask a reasonable protection for your butter?

Mr. COX. I am not in the butter business.

Senator MCCUMBER. And upon other products. Now, should not New England accord the protection to the men who produce wheat that makes bran? In other words, you are perfectly willing to give a fair protection, as I understand it?

Mr. COX. Yes. We suggest 10 cents per hundred pounds.

Senator MCCUMBER. Does that 10 cents a hundred pounds bear a proper relation to the value of the grain of which bran is a constituent part, as the value of bran compares to the value of the grain; are you not asking for what would amount to considerably less from an ad valorem basis, in asking for one mill a pound?

Mr. COX. I can't say we are. I have not figured it out very thoughtfully and I can not give you an immediate answer. We have not tried to figure in that respect.

Senator WATSON. You are asking for a revenue tariff?

Mr. COX. For a revenue tariff based on the emergency tariff.

Senator MCCUMBER. Do you not think there should be a relation, so that bran would bear a relation to an ad valorem tariff, even though reduced to a specific rate, such as the wheat itself bears?

Mr. COX. You are putting a hard question to answer, Senator. In the first place, you are bringing in now something which relates to human food.

Senator MCCUMBER. Of course, I know wheat is manufactured into human food, but bran is not to any great extent, and what I am defending, if you may consider it as such, is that every part of that grain, whether it be middlings, or whether it be bran, shall bear a duty equivalent to the same ad valorem duty that would be on the grain itself.

Mr. COX. If you please, Senator, I do not think your position is well taken.

Senator MCCUMBER. Very well. You can explain where it is not.

Mr. COX. Bran is a product used wholly for feeding cattle and hogs, and is a low-priced product. It bears no relation in value to the inner part of the kernel of the wheat, which is used for human food.

Senator MCCUMBER. I know, but the duty would be just that much less. I am not seeking to give as high a duty on bran as on flour, a specific duty, but a duty that would compare in value so that the ad valorem equivalent would be practically the same. If bran would not be worth one-twentieth of what flour would be worth, then it should not have more than one-twentieth the duty that was

be upon the given weight of flour. Is that not a fair way to present it?

Mr. Cox. I do not know that I have sufficient understanding of that to give a proper answer.

Senator McLean. You could guess on that. Ten cents a hundred would be $33\frac{1}{3}$ ad valorem duty if the bran was worth 30 cents a hundred.

Senator McCumber. And the bran is worth considerably more than that.

Mr. Cox. The bran, Canadian value, roughly speaking, would be worth about $12 a ton. That is, taking the years by and large, and not taking the value at the moment.

Senator McCumber. That would be how much per hundred?

Mr. Cox. Sixty cents a hundred.

Senator McLean. Then you would have to have 20 per cent specific duty to get $33\frac{1}{3}$ per cent ad valorem?

Senator McCumber. And that would be about 16 per cent instead of 10 per cent?

Mr. Cox. I am asking for 10 cents a hundred pounds. What amount would it make as a specific rate?

Senator McLean. There is this factor, that the bran is itself converted into food product.

Mr. Cox. In very small quantities.

Senator McLean. You feed it to cattle and get milk and beef from the cattle?

Mr. Cox. Yes.

Senator McLean. And it is a raw material out of which foods are made, and I think you would be justified in asking for as low a tariff as possible, under the situation, because that benefits the American people. It goes into food.

Senator McCumber. But it is also our finished product. It might be your raw material, but it is our finished product.

Senator Dillingham. His point is he wants it specific.

Mr. Cox. I have here one thing more I would like to say. At a meeting of the hay dealers of the city of Boston, held on December 5, the following vote was unanimously passed [reading]:

> We note that in paragraph 778 it is proposed that the duty on hay shall be $4 per ton and $1 per ton on straw. This is exactly double the duty we have been paying. We wish to inform the Senate committee that in certain years when the crop of hay in New England and New York States happens to be light it becomes important for us to be able to secure hay from Canada, and we respectfully request that the duty on hay be continued as it has been in the past, namely, $2 per ton and 50 cents on straw.

New England is peculiarly situated, in that the price of hay and grain is higher there than in any other section of the eastern half of our country. We are at the end of the line.

Our farmers can not possibly raise all the hay which they need, and it is clearly to the economic advantage of New England that she be able to secure her supplies of all kinds of agricultural needs at as low cost as possible. The imposition of a higher duty on hay will constitute a real hardship.

Senator Watson. You are not appealing very vigorously to the fellow who represents the western farmers.

Senator McLean. If you will give us what protection we ask on milk and cream and butter, we will give you what you ask.

Mr. Cox. I would like to make an appeal on behalf of the men and women of New England, where farming started in this country, and where you can now buy farms for the cost of constructing the buildings, almost, and we do not know anything about $200 an acre. Their wildest dreams would not come up to any such figure as that. Fifty dollars an acre, $5 an acre, $10 an acre is nearer the price of our land, and there are 1,500 local grain dealers in New England and there are thousands and thousands of thrifty hard-working farmers. We have a natural disadvantage.

Senator Watson. Would not any policy of free trade with Canada now build up your farming industry in New England?

Mr. Cox. We go to Canada for a few things, and we think we are asking for a negligible amount. The buckwheat which we get comes from New York, Pennsylvania, and some from Michigan. It is so small in your affairs that it is hardly worth taking as much of your time as I have taken.

Senator McCumber. We are very much obliged to you.

MACARONI.

[Paragraph 726.]

STATEMENT OF B. R. JACOBS, REPRESENTING THE NATIONAL MACARONI MANUFACTURERS' ASSOCIATION.

Senator McCumber. Please state your full name and residence.

Mr. Jacobs. Benjamin R. Jacobs. I reside here in Washington. I represent the National Macaroni Manufacturers' Association, the Alimentary Paste Manufacturers' Association, the Philadelphia Macaroni Manufacturers' Association, the New England Macaroni Club, and the Connecticut Macaroni Club. These five organizations represent about 75 per cent of the production of macaroni in this country.

Senator McCumber. I do not just understand what you mean by "macaroni club."

Mr. Jacobs. They are local organizations that have drawn individuals interested in that particular locality. Just as we have flour clubs in Minneapolis and in Kansas City, so we have macaroni clubs in Connecticut representing the macaroni manufacturers of Hartford and other cities around there, and we have the New England Macaroni Club, with headquarters in Boston, representing the State of Massachusetts.

Senator McCumber. It is a club whose constituent members are manufacturers of macaroni?

Mr. Jacobs. Yes, sir.

Senator Watson. It is not necessary to eat the macaroni, is it?

Mr. Jacobs. No, sir; it is not necessary to eat it. They just make it.

The domestic production of macaroni in the year 1920 in this country was about 450,000,000 pounds. It was valued at about $45,000,000.

The investment of the macaroni manufacturers in this country is sixteen and one-quarter millions of dollars, and the number of wage earners employed is approximately 12,000. The amount of macaroni imported into this country in 1914, which was practically the last

ear it was imported, was 126,000,000 pounds, and in that same year 00,000,000 pounds were produced in the United States.

Senator McCUMBER. How much is imported?

Mr. JACOBS. One hundred and twenty-six million pounds, so that ıe increase to 450,000,000 pounds, the amount produced in 1920, ıs merely been absorbed by reason of the inability of Italy to export ıacaroni into this country.

Senator WATSON. What is the amount imported this year up to ıis time?

Mr. JACOBS. The amount is practically negligible. It was about a illion pounds.

Senator McCUMBER. Why is that?

Mr. JACOBS. That is because Italy is practically the only country om which we receive macaroni.

Senator WATSON. Have we, in the meantime, made more our- lves?

Mr. JACOBS. Yes; we have practically taken care of that inability Italy to export. Ninety-five per cent of the macaroni imported mes from Italy. Italy, until last December, had an embargo on l wheat products. This has been lifted, and Italy is now offering in the New York market cheaper than we can manufacture it er here.

Senator SIMMONS. We are now producing more than we produced d imported together in any year before the war?

Mr. JACOBS. Yes; because Italy has not been exporting to this untry.

Senator SIMMONS. We are producing all that we need, are we not?

Mr. JACOBS. Exactly. We are producing all the macaroni we ed, but the minute Italy gets on its feet again she will begin to port macaroni into this country just as she did before the war.

Senator SIMMONS. Notwithstanding that we have all we want?

Mr. JACOBS. Yes; because she can make it cheaper than we can. ıly is now offering macaroni to the manufacturers in this country. ıave a quotation from Naples for first-grade macaroni made from per cent semolina. The quotation is 5.1 cent per pound f. o. b. ples, with a rate of exchange of 4.20, which was the rate on vember 14.

Senator WATSON. What would that be laid down in New York?

Mr. JACOBS. Duty free in New York about one-half a cent above ıt. The freight and insurance would be about half a cent a pound.

Senator WATSON. What is it made of?

Mr. JACOBS. It is made from durum wheat semolina. Durum eat is raised mostly in North Dakota, Montana, and Utah.

Senator WATSON. Do they raise that particular kind of wheat in ly?

Mr. JACOBS. No, sir; they raise some in southern Italy. They se a great deal of it in Algeria.

Senator WATSON. They take the North Dakota wheat clear across Italy to manufacture macaroni, and ship it back to this country?

Mr. JACOBS. Yes; and they can do it cheaper than we can make it e.

Senator WATSON. What is the difference between macaroni, ghetti, and vermicelli?

Mr. JACOBS. They are made out of the same raw materials, the only difference being in the shape.

Senator WATSON. It is the same material, is it?

Mr. JACOBS. Yes, but made up in different shapes. It is all made out of durum wheat.

Senator MCCUMBER. It used to be called macaroni wheat, was it not?

Mr. JACOBS. Yes.

The United States Tariff Commission made a survey of macaroni wheat in 1920. They found in the eastern territory, where the imported macaroni competes with the domestic, that the cost of conversion was 3.98 cents per pound. The cost of the material entering into this macaroni was 6.47 cents per pound. That information can be found on page 20 of the survey.

Senator MCCUMBER. 6.47 cents per pound?

Mr. JACOBS. $6.47 per hundredweight.

Senator MCCUMBER. Is that correct?

Mr. JACOBS. Yes; the semolina was costing them about $13 a barrel.

Senator MCCUMBER. I wish you would repeat your statement. Your first statement was based on 100 pounds at 3 cents for cost of conversion.

Mr. JACOBS. The cost of conversion is 3.98 cents per pound. That is the cost of making it.

Senator WATSON. Can you give us the exact difference between the cost of production at home and abroad?

Mr. JACOBS. Yes.

Senator WATSON. Do you make this yourself?

Mr. JACOBS. I represent the manufacturers. I am a chemist, and I know about their method of manufacturing—the process and the material which they use. It costs in Italy 1.65 cents per pound to produce it, while it costs us 3.98 cents per pound to produce it.

Senator WATSON. How is that?

Mr. JACOBS. I say it costs in Italy 1.65 cents per pound to produce it; it costs here 3.98 cents per pound to produce it, a difference of 2.33 cents per pound.

Senator WATSON. You are speaking now of macaroni?

Mr. JACOBS. Yes.

Senator WATSON. Is there the same difference in the cost of vermicelli?

Mr. JACOBS. They are practically alike.

Senator WATSON. And noodles?

Mr. JACOBS. Noodles are a different product. They contain eggs.

Senator WATSON. That is the first time I have ever heard of shipping noodles all around the world.

Mr. JACOBS. There is a difference there of 2.33 cents per pound.

Mr. Scaramelli, who was here this morning representing the Italian Chamber of Commerce, was before the Ways and Means Committee of the House.

Senator MCCUMBER. When were these figures compiled which show the cost of production in Italy to be 1.65 cents per pound?

Mr. JACOBS. They were taken from this pamphlet gotten out recently for the benefit of the Ways and Means Committee. The

ere taken on the basis of the wages that were paid there to laborers other industries; for instance, the bakers.

Senator McCUMBER. What do they have to pay for the wheat?

Mr. JACOBS. That is what I want to know. How can they quote cents a pound for macaroni f. o. b. Naples when we can not quote for 5 cents on American wheat.

Senator McCUMBER. They have to have American wheat?

Mr. JACOBS. Yes.

Senator McCUMBER. They have to grind it?

Mr. JACOBS. Yes; they do.

Senator McCUMBER. Macaroni wheat is cheap now. It has been ove a dollar a bushel. It takes about 4.5 bushels to make a barrel flour.

Mr. JACOBS. Yes.

Senator McCUMBER. Then, there is the cost of grinding and the st of making it over into their pastry. I do not see how it is ssible.

Mr. JACOBS. Well, that is the quotation.

Senator McCUMBER. I do not see how it is possible to quote 1.65 nts per pound.

Mr. JACOBS. That is only the cost of conversion. That does not clude the cost of materials.

Senator McCUMBER. That is what I was asking for.

Mr. JACOBS. No. The cost of conversion—that is to say, the conrting of semolina into macaroni—is 1.65 cents. They pay almost much for semolina as we do, except that they do it on a cooperave plan.

I want to read a few lines. This appears on page 13 of the survey:

In most cases the Italian manufacturer for export is also a miller, which permits m to operate on a smaller margin of profit. The Italian miller conducts two operans, milling wheat in the preparation of semolina and its by-products and making mentary pastes. Moreover, he is also located at the seaboard, such as Naples and noa. The raw material (wheat) is imported to and the finished product (macaroni) exported from the same plant, thus greatly promoting economy in operation.

Senator WATSON. Can't you do that in the United States?

Mr. JACOBS. No, sir. The macaroni people and millers are enrely different concerns here. It would not pay one macaroni manucturer to start a mill when he does not know anything about the illing process.

Aside from raw materials the most important cost items are labor and drying. In e drying operation the Italian operator, especially in the southern part, where more an 60 per cent of the exports originate, has favorable conditions in out-of-doors tural drying. Then, again, the Italian industry is organized to buy and sell llectively.

This is what our commerce reports have to say about it:

Trust methods, in so far as they control trade by avoiding unprofitable competition, not seem to meet with disfavor in Italy as regards milling business. Public sentient seems to sanction such restraint of trade as will produce an adequate profit to a anufacturer even of foodstuffs. Likewise, the purchase of supplies is controlled. heat imported, varying from 30,000,000 to 50,000,000 bushels annually, is largely pplied by one house, which more than any other one concern may be said to control e exports of wheat from Russia, with a similar dominating influence in Argentina. illers do not have to pay for wheat on arrival or in advance, but are given what time d credit they require by the house supplying the imports. Competition in the urchase of imported wheat does not exist. It is profitably regulated.

That is the reason they can quote 6 cents per pound f. o. b. Naples when it is made from American wheat, and we can not begin to do it for that price.

Senator WATSON. What is the difference in the labor cost itself?

Mr. JACOBS. It costs the Italian 1.65 cents per pound to make macaroni. That is the actual cost of conversion into macaroni.

Senator WATSON. Can you tell us how the average wages paid in the Italian factories compare with those paid in the United States?

Mr. JACOBS. Yes. The average wage paid in Italy for the pressman, who is the man in the macaroni factory who gets the highest wages, is from 18 to 20 lira. In this country, in 1920, the average wage was from $6 to $7 per day.

Senator WATSON. How much are 18 and 20 lira?

Mr. JACOBS. At 4 cents, about 80 cents. We are paying $6 and $7 per day while they are paying 70 or 80 cents per day.

Another thing: We are asking for 3.5 cents on macaroni per pound and we are asking for 4 cents per pound on noodles.

Senator SIMMONS. What did you say you pay for labor?

Mr. JACOBS. $6 and $7 per day.

Senator SIMMONS. That must be skilled labor, is it not?

Mr. JACOBS. Yes; it is skilled labor. They run machinery.

Senator SIMMONS. Is it skilled labor that they use over there?

Mr. JACOBS. Yes; they run the presses that we do.

Senator SIMMONS. Where did you get the figures showing the labor costs here and the cost of labor in the production of macaroni in Italy?

Mr. JACOBS. From Italians that have come over here and from this book on wages gotten up for the Ways and Means Committee. It has reference to bakers. That is practically the same kind of labor, you see. The baker and the macaroni manufacturer are practically the same. They get practically the same wages. There was no statement in that bulletin regarding the wage paid the macaroni manufacturer, but that is verified by the actual price that they are quoting on that product.

Senator SIMMONS. I noticed the cost of macaroni—the Italian cost I suppose it is—has been constantly increasing for quite a number of years. I mean the value has been increasing. The value per unit has increased to 12.6 cents.

Mr. JACOBS. Yes.

Senator SIMMONS. It was only 4 cents in 1910.

Mr. JACOBS. Yes.

Senator SIMMONS. It remained at that rate until 1915, when it went up to 7 cents. Since then it has gone up to 12 cents.

Mr. JACOBS. Yes.

Senator SIMMONS. We do sell macaroni in this country.

Mr. JACOBS. Yes.

Senator SIMMONS. At what price?

Mr. JACOBS. At about 8 cents. Of course, it has come down considerably.

Senator SIMMONS. If you take the statistics of 1921, they show that there was imported into this country during the 10 months 1,146,895 pounds.

Mr. JACOBS. Yes.

Senator SIMMONS. And that was valued at $129,336. That was)out 9.4 cents per pound. That was the warehouse price in this ›untry.

Mr. JACOBS. That is the value placed by the Italian importer and ıat is the value in Italy.

Senator SIMMONS. That is what it was invoiced for here.

Mr. JACOBS. Yes, Senator; but that is the value——

Senator SIMMONS (interposing). That is more than you say you ıarge for it.

Mr. JACOBS. But we are selling our macaroni for about 8 cents in ılk.

Senator SIMMONS. The macaroni that came in here in 1920 that ›u are complaining was made at so much less cost is introduced ıre at a higher price than you sell this for.

Mr. JACOBS. Yes.

Senator SIMMONS. Well, don't you see any significance in that?

Mr. JACOBS. They get 3 cents a pound more in New York than we) for the same kind of product. It costs them less to make it.

Senator SIMMONS. Why? Why does it sell at that price?

Mr. JACOBS. Simply because it is an imported article.

Senator MCCUMBER. Not because it is better, but simply because is made in Italy?

Mr. JACOBS. It is not better, but they do get a better price.

Senator MCCUMBER. Because they think it is better?

Mr. JACOBS. Yes, because they think it is better, just the same as ith this tomato sauce.

According to Mr. Scaramelli's statement before the Ways and eans Committee——

Senator SIMMONS (interposing). If the Italian macaroni sells for cent a pound more in this country than you charge for it, how are ›u hurt by the fact that it is made for less in Italy than here?

Mr. JACOBS. He can sell it for less.

Senator SIMMONS. If he does not sell for less than you, how are ›u hurt if he is able to make it for less than you?

Mr. JACOBS. The Italian manufacturer does not get the difference; ıe importer gets the difference.

Senator SIMMONS. I understand that the invoice price at which ıe goods come in here is the price at which the foreign producer ılls in his market.

Mr. JACOBS. Yes.

Senator SIMMONS. I do not see that the importer has anything to) with that price. He may charge a commission, but he does not ĸ the price.

Mr. JACOBS. The price it is selling for is 6 cents a pound in Italy.

Senator SIMMONS. Do you mean to say that the 9-cent Italian ıacaroni, no better than yours, can drive out of the market the merican macaroni?

Mr. JACOBS. It can when it costs 9 cents.

Senator SIMMONS. When it is sent to this country and the pur- ıaser in this country is required to pay 9 cents, do you think, if it not better than yours, that you are in danger of having your ıdustry destroyed when you can sell it for 8 cents?

Mr. JACOBS. Yes. He can charge 8 cents and run us out of business.

Senator SIMMONS. It does not look as if he is running you ou now, because since the close of the war we have been producin about 450,000,000 pounds.

Mr. JACOBS. Yes.

Senator SIMMONS. There came in during 1917 only 3,500,000 pounds.

Mr. JACOBS. Yes.

Senator SIMMONS. In 1918 there were only 661,000 pounds; in 1919, only 603,000 pounds; in 1920, only 827,000 pounds. Tha does not seem to me to indicate that he is running you out of busines because you are selling in this country 450,000,000 pounds.

Mr. JACOBS. But you must remember, Senator Simmons, that ther is only one country in Europe that exports it to the United State and that country is Italy. Until last September there was an em bargo on wheat products, and that is the reason Italy has not ex ported macaroni into this country.

Senator MCLEAN. Doesn't Italy practically control the market?

Mr. JACOBS. Yes; and they are going to do it again.

Senator SIMMONS. There was no embargo this year.

Mr. JACOBS. The embargo was taken off in September.

Senator SIMMONS. Yes.

Mr. JACOBS. But they have not had a chance to get readjusted.

Senator WATSON. Do the Italians eat more of this macaroni tha anybody else?

Mr. JACOBS. Yes, sir.

Senator WATSON. Do they want it from Italy?

Mr. JACOBS. Yes; they prefer it. They use the American macaro only when they can not get the Italian macaroni.

The survey says that the preference of the Italian population f Italian-made macaroni is quite firmly established. The Americ product is used by them as a substitute. Therefore a duty on the im ported product will likely have but little effect upon the amount im ported.

That is not a statement that I make, but a statement that your ow tariff commission has made.

As I said before, the Italians get 3 cents a pound more for the sa grade of macaroni in New York City than we do. That added to t 2.33 cents per pound, which represents the difference in the cost production, gives them a total advantage of 5.33 cents a pound. W are asking for 3.5 cents in order to overcome some of the advanta that they have.

Senator SIMMONS. I understood you to say that the fact that th sell their product at a higher price than you sell your product f does not interfere with you.

Mr. JACOBS. I say it does not make any difference within 2 or cents. They will sell it in preference to ours.

Senator SIMMONS. How are you to be helped?

Mr. JACOBS. The Government will get the profit. The Governme will get some of it at least.

Senator SIMMONS. Oh, you are interested in the Government?

Mr. JACOBS. Yes; somewhat.

Senator SIMMONS. I thought you were speaking for your own iterests.

Mr. JACOBS. We will get part of it.

Senator McLEAN. During the time there was substantially an embargo you had an opportunity to introduce your goods?

Mr. JACOBS. Yes; we have introduced our goods.

Senator McLEAN. Are you holding that trade that you got?

Mr. JACOBS. We do not know. There was very little imported. Ve have not exported. We can not go into South America and ompete with the Italians.

Senator McLEAN. Since the Italian quotations have been coming ito this country are they taking your market away from you ?

Mr. JACOBS. Yes; they are so far as they come in. There has ly a small amount come in, but so far as it has come in, they are iking it away.

Senator McLEAN. Notwithstanding the several years in which our product has been used—and it has been used because they could ot get any other—you fear that immediately when their product omes in they will cease to buy your products?

Mr. JACOBS. Yes.

Senator McLEAN. Have you any data to demonstrate that?

Mr. JACOBS. No; because it has not taken place yet.

Senator McLEAN. You claim that your article is as good, do you ot?

Mr. JACOBS. It is as good.

Senator McLEAN. And you can sell it for 2 or 3 cents a pound heaper?

Mr. JACOBS. No; we can not. They ask 2 or 3 cents a pound ore.

Senator McLEAN. Well, you can sell it cheaper, and it is just as ood, and you have a market to-day. Is that correct?

Mr. JACOBS. On a purely competitive basis we could not sell it cheaply as they can.

Senator McLEAN. You anticipate that when they import freely ey are going to capture your market?

Mr. JACOBS. Yes; they are going to do it. There is no doubt out it at all.

Senator SIMMONS. But as yet you have no data to give to the mmittee?

Mr. JACOBS. No; because the embargo has been off only two or ree months. They have had no chance to do it.

Senator McCUMBER. Is there anything further?

Mr. JACOBS. No; I think not.

BRIEF OF B. R. JACOBS, REPRESENTING MACARONI MANUFACTURERS' ASSOCIATIONS.

There are approximately 550 known macaroni factories and innumerable small es whose capacity is unknown. These represent between twelve and fifteen ousand wage earners. There is an estimated investment of sixteen and a quarter llion dollars in the macaroni industry. The domestic production for 1920 was proximately 450,000,000 pounds, valued at $45,000,000. Since 1914 the production s increased 50 per cent.

In 1914 there were approximately 126,000,000 pounds of macaroni imported into s country. This is the maximum importation of any one year. In 1878 the amount ported was 2,000,000 pounds. From these figures it can readily be seen that the

importation has increased very rapidly. From 90 to 95 per cent of the total macaroni imported comes from Italy.

"The very large increase in our manufacture of macaroni during the past two decades has been largely due to the successful culture of durum, a hard spring wheat in the Northwest prairie region. It was introduced from Russia, its largest producer and is also grown in the Mediterranean regions, principally in southern Italy, France and Algeria.

"Because of its drought and rust resistance characteristics durum wheat outyields in parts of the Dakotas, Montana, and Minnesota the leading varieties of common spring wheat by at least 2 bushels per acre. Its production has rapidly increased from 60,000 bushels in 1901 to about 50,000,000 bushels in 1918. Early production increased so rapidly that the development of a milling market did not keep pace as mills were not equipped for grinding it profitably. At first, therefore, the price was always below that of common wheat. Since 1912, however, the average price for equal grades of durum and northern has been nearly the same. In more recent years, because of the increased demand for American durum, the best grades of durum wheat have occasionally been at a small premium.

"Durum wheat contains a larger percentage of nitrogen, or crude protein than any other class of American wheat. This is one reason why durum wheat is so desirable for the manufacture of alimentary pastes. To produce the best quality of macaroni it is essential to have a semolina, or meal, produced from a hard glutinous wheat.

"Although a large part of the durum wheat is exported, the domestic macaroni industry has been instrumental in stabilizing its price. This has had a very pronounced effect upon agriculture in certain sections of the dry Northwest. In most recent years approximately 3,000,000 acres have been devoted to durum wheat. Part of this area represents new land which can not produce other grains and the balance has replaced other spring wheats which do not yield so well as durum."

In Italy the importer of wheat, the miller of semolina, the manufacturer of macaroni, and the exporter of macaroni are all one and the same individual, and to keep these four industries going permits him to operate on a smaller margin of profit. The Tariff Commission says:

"Moreover, he is also located at the seaboard, such as Naples and Genoa. The raw material, wheat, is imported to and the finished product, macaroni, is exported from the same plant, thus greatly promoting economy of operation. Aside from the raw materials the most important cost items are labor and drying. In the drying operation the Italian operator, especially in the southern part, where more than 60 per cent of the exports originate, has favorable conditions in out-of-doors natural drying. Then, again, the Italian industry is organized to buy and sell collectively.

"The Italian import duty on wheat is 0.66 of 1 cent per pound. If the product is used in manufacturing macaroni according to Government standards, this duty is refunded. In addition, the miller secures the by-products from manufacturing semolina duty free. Thus the macaroni manufacturer is encouraged to use foreign wheat for export.[3]

"Trust methods, in so far as they control trade by avoiding unprofitable competition, do not seem to meet with disfavor in Italy as regards milling business. Public sentiment seems to sanction such restraint of trade as will produce an adequate profit to a manufacturer, even of foodstuffs. Likewise the purchase of supplies is controlled. Wheat imported, varying from 30,000,000 to 50,000,000 bushels annually, is largely supplied by one house, which more than any other one concern may be said to control the exports of wheat from Russia, with a similar dominating influence in Argentina. Millers do not have to pay for wheat on arrival or in advance, but are given what time and credit they require by the house supplying the imports. Competition in the purchase of imported wheat does not exist. It is profitably regulated."[4]

On the other hand, it must be remembered that every pound of flour that is converted into macaroni by an American manufacturer must bring a profit to an American miller, as the mill and macaroni industries are entirely divorced in this country.

Ninety-five per cent of the imported macaroni enters either New York, Boston, or Philadelphia and is consumed east of Pittsburgh and Buffalo. Sixty per cent of the manufacturers and 75 per cent of domestic production is also in this territory. Therefore, it would seem reasonable to compare the cost of Italian macaroni with the cost of domestic macaroni with which it competes. The Tariff Commission Survey shows that in the East the cost of conversion is $3.98, divided as follows: $1.2[illegible]

---

[1] U. S. Tariff Commission Information Survey, G-3, 1921, p. 9.
[2] Ibid., p. 13.
[3] U. S. Tariff Commission Information Survey, 1921, G-3, p. 13.
[4] Commerce Reports, Apr. 7, 1909.
[5] U. S. Tariff Commission Information Survey, G-3, 1921, p. 20, table 4a.

r cent, for labor; $1.07, or 27 per cent, for sundries; and $1.65, or 41 per cent, for erhead.

On the basis of average prewar value [6] of imported macaroni the conversion cost is proximately $1.50 per 100 pounds, while on the basis of the relative wages the st of conversion is about $1.65 per 100 pounds. In Italy the pressmen earn from to 22 lira per day, which on the present basis of exchange is less than $1, while in the ited States the same workmen earn from $30 to $36 per week. This is at least six nes as much as the same workmen receive in Italy. Since 1914 the cost has increased nsiderably in terms of lire but has increased but slightly in terms of American money.

Mr. Scaramelli, representing the Italian Chamber of Commerce, in his brief before e Committee on Ways and Means (Tariff Information, 1921, pt. 3, p. 1711) made e following statement: "Due to the stimulus of necessity the American manu- turers vastly improved the quality of their product. Excellent macaroni is made this country to-day, and while the imported macaroni would still enjoy a preference th many, there is really no great difference in their comparative intrinsic quality." also states that the imported macaroni of the same quality as the domestic sold for cents per box of 22 pounds above the price of the domestic.

"In New York the price of imported Italian macaroni generally ranges from 1 to 3 nts higher than that of domestic macaroni. In line with this fact, the point should stressed that the Italian product apparently has no difficulty in finding an American rket at a higher figure than the domestic product." [7]

Tabulating the above figures we have the following difference in cost of manufacture d price differential of imported and domestic macaroni:

nversion cost of domestic macaroni in the East, 100 pounds	$3.98
nversion cost of imported macaroni, 100 pounds	1.65
Difference	2.33
ice differential in favor of imported product	3.00
Total advantage of imported product	5.33

This is the great advantage in favor of Italian macaroni. The label sells the product. e Italian consumer prefers an Italian-made product, even of inferior quality to the mestic.

"The preference of the Italian population for Italian-made macaroni is quite firmly ablished. The American product is used by them as a substitute. Therefore, a ty on the imported product will likely have but little effect upon the amount ported." [8]

In other words, the Italian product, due to the foreign label, is practically and to intent and purposes a trade-mark article.

The macaroni industry may be compared to the baking industry, in that an increase duty can not be used by the domestic manufacturer to increase the price to the nsumer. The process is very simple, and especially so for the small manufacturer o sells his product before drying. A reasonable rate of duty can not, therefore, used to the detriment of the consumer. We are asking for a rate of duty of only cents per pound for macaroni and all similar preparations without eggs and 4 cents r pound for noodles and all similar preparations containing eggs.

This rate will not stop the importation of Italian macaroni, but it will yield a very terial increase in revenues to the Government. It will not increase the price of caroni to the consumer, because of the large number of small manufacturers who nt no cost, competition being very keen in this country. I wish also to empha- e the necessity for a different rate for noodles, as I note in paragraph 713 that a ty of 15 cents has been placed on desiccated eggs. We are large importers of desic- ed eggs, and the price of this product of course is largely controlled by the price the imported product. The macaroni manufacturers must pay this additional ce for the desiccated eggs which they use, and it hardly seems fair for desiccated s to enter free when introduced in alimentary pastes while the domestic manu- turer buys his product with the duty added.

We therefore respectfully recommend that paragraph 726 in H. R. 7456 be amended follows:

"Macaroni, vermicelli, and similar alimentary pastes without eggs, 3½ cents per und, and noodles and similar alimentary pastes with eggs, 4 cents per pound."

---

[6] Ibid., p. 22, table 6.
[7] U. S. Tariff Commission Information Survey, G-3, 1921, p. 18.
[8] Ibid., p. 14.

WHEAT AND WHEAT FLOUR.

[Paragraph 730.]

STATEMENT OF A. L. GOETZMANN, MINNEAPOLIS, MINN., REPRESENTING MILLERS' NATIONAL FEDERATION.

Mr. GOETZMANN. Mr. Husband's time will be divided betwe myself and Mr. L. E. Moses, of Kansas City.

My name is A. L. Goetzmann. I am president of the Millers' National Federation. Mr. Moses is president of the Kansas Flou Mills Co., of Kansas City, and likewise president of the Southwe Millers' League. I want, if you please, Mr. Chairman and gentle men, to speak to paragraph 730.

Senator LA FOLLETTE. What is your address?

Mr. GOETZMANN. Minneapolis, Minn.

Senator McLEAN. Are you speaking for Mr. Husband?

Mr. GOETZMANN. Yes, sir; and for the Millers' National Federa tion. Gentlemen, we are here to ask a compensatory duty on flou to the duty on wheat. Paragraph 730 provides 25 cents a bush for wheat and 50 cents per 100 pounds on flour. On the face of that would look, since there are 4½ bushels of wheat used to make barrel of 100 per cent flour, as if there were a discrimination again the flour of 12½ cents per barrel. As a matter of actual fact, th discrimination is approximately 51 cents per barrel. That is, und this schedule you are admitting the finished product which manufacture at 51 cents per 196 pounds less than we will have pay on wheat which we will use in manufacturing that 196 poun of flour.

It is arrived at in this way. It is somewhat technical, but I thi I can explain it very briefly. There is 72½ per cent of the total extra tion in the wheat berry producing 100 per cent flour, such as you ge tlemen will recall we ate during the war time, but which no Americ eats voluntarily. From that 72½ per cent the normal extracti that is used in a family patent flour is approximately 75 per cen.

Senator McCUMBER. Seventy-five per cent of 72½ per cent?

Mr. GOETZMANN. Seventy-five per cent of 72½ per cent. In oth words, when you figure that down it takes about 1.85 pounds of whe to make 1 pound of family patent flour. And I want to say that th is approximately the type that is imported from Canada, 75 per ce or even higher extraction, down to 50 sometimes. The result is th it takes approximately 6 bushels 2 and a fraction pounds of whea make 1 barrel of family patent flour, and the cost of the wheat is cents per bushel, or rather the cost of the duty is 25 cents per bus and on that amount—6 bushels 2 plus pounds—of wheat, it is $1. and you assess against the flour, of that amount, $1.

Senator WATSON. Is that the kind of flour you make?

Mr. GOETZMANN. That is the kind that practically everybody us in the United States. Nobody uses 100 per cent flour and nev have except for a short time during the war time.

What we would like to ask is that you place an ad valorem du of 25 per cent in the bill against protection of 25 cents per bushe wheat. That means, of course, wheat flour, semolina, crushed cracked wheat, bran, shorts, and middlings.

Senator SMOOT. Twenty-five per cent ad valorem.

Mr. GOETZMANN. Twenty-five per cent ad valorem, if you please.

Senator WATSON. Fifty cents per hundred pounds plus the ad lorem?

Mr. GOETZMANN. No; just the ad valorem. That does not cover question of bran, shorts, etc. When we, as manufacturers, port the wheat from which we make flour we pay for the bran, rts, and middlings on the basis of the wheat price, which amounts, h this duty of 25 cents per bushel of 60 pounds, to 0.42 cent per ınd on that feedstuff, which is $8.40 a ton; $8.40 a ton would k awfully high to a farmer, and I do not think there is any parılar necessity of it. Therefore, if we may be given the 25 per cent valorem duty on the Canadian value of bran, that would amount roximately to $2 or $2.25 per ton, and we would be satisfied and nk it would take care of itself.

et me impress upon you that we do not ask for any favors. All want on earth is to be placed on an even break with the other ow, and if the American flour miller can not work out his own ation on that basis he is willing to go down and out with his flying.

enator SMOOT. That is a 50 per cent increase over the House bill?

Ir. GOETZMANN. That would be approximately a 50 per cent rease over the House bill; yes, sir.

enator SMOOT. It is just as near as you can figure it?

Ir. GOETZMANN. Yes; as near as we can figure it. May I leave h the reporter the computation I made and ask that it be included the record? It is somewhat technical and complicated, and it ht be better if the formal statement appears in the record.

enator MCCUMBER. That may be done.

The document referred to is as follows:)

make one barrel of 100 per cent flour of 72½ per cent extraction, 4½ bushels of t (270 pounds) are required. On this, duty at 25 cents per bushel would be ½; 75 per cent separation of 72½ per cent extraction would yield 54 pounds highe patent flour, or 1 pound of flour to each 1.85 pounds of wheat. 196×1.85=362.6 ds of wheat, or 6 bushels 2.6 pounds. The duty on this wheat at 25 cents per el would be $1.51. The duty on 196 pounds of high-grade foreign patent flour cents per 100 pounds would be 98 cents, making a discrimination equivalent cents per bushel in favor of the foreign (Canadian) miller.

Ir. GOETZMANN. It should be observed that this covers only ent flour. It should be further noted that that is the only grade orted from Canada into the United States. The lower-grade r or clears are practically all exported in competition with the adian clears and therefore we can be placed on a parity in no r manner than as indicated.

enator WATSON. Do you run a mill yourself?

Ir. GOETZMANN. Yes, sir.

enator WATSON. In Minneapolis?

Ir. GOETZMANN. No, sir. My mill is in La Crosse, Wis.

enator WATSON. What proportion of the wheat you grind into r do you buy in the United States, and what proportion do you in Canada?

r. GOETZMANN. Practically all in the United States, until the year or two. During the last year or two there was much of it ight in, when there was free importation. If I may be permitted

to go a little further, I am inclined to think there will be some imported this year in spite of the duty, due to the fact of a shortage in spring wheat.

Senator Watson. Do you use spring wheat altogether?

Mr. Goetzmann. As far as we can.

Senator Watson. You use some winter wheat?

Mr. Goetzmann. Yes, sir.

Senator La Follette. How many bushels of wheat does require to make a barrel of flour?

Mr. Goetzmann. One hundred per cent flour is 4 bushels and pounds, which includes the patent flour, which we use at home, an clears, which are sold almost entirely abroad in competition wit Canadian flour. To make a barrel of family patent flour it requir 6 bushels 2 and a fraction pounds.

Senator Smoot. Six bushels and 2.02 pounds?

Mr. Goetzmann. Yes, sir.

Senator La Follette. Just follow a barrel of flour and the wh necessary to make a barrel of flour through the process. Will make a statement to the committee of the cost of the 6 bushels wheat that enters into a barrel of flour, what you get out of it anything, besides the flour, in the way of shorts and bran and th sort of thing.

Mr. Goetzmann. I will give you the exact figures. Six bush 2.6 pounds is the amount of wheat required to make a 75 per cent so-called family patent flour. In addition to that, however, we h the balance of the weight of that, made up of approximately 18 cent of what we call "first clear flour," sometimes higher than t sometimes 20 or 22, dependent on the quality of the wheat, a approximately 5 per cent of what we call "second clear flour." T covers the gross amount of flour of 72 per cent of extraction tha gotten out of the wheat. In addition to that, there is the bran middlings or shorts.

Mr. L. E. Moses. Seventy per cent of bran and 30 per cent shorts.

Mr. Goetzmann. In addition to that there is "red-dog flour." called in the Northwest. It means the bees wings and lowest qu of flour. Does that answer your question?

Senator La Follette. It does not convey much of any mean to me. I am going to formulate some questions on the subject send them to you, and would be glad if you would answer them

Mr. Goetzmann. I will be very glad to do so.

Senator Smoot. It takes 6.2 bushels of wheat to make a barr flour?

Mr. Goetzmann. A barrel of family patent flour.

Senator Smoot. In that barrel of family patent flour that it 6.2 bushels of wheat to make, how many pounds of shorts and do you get?

Mr. Goetzmann. I would hesitate to give you that. I can not right now. Will you give me the privilege of getting those figur

Senator La Follette. Certainly.

Mr. Goetzmann. Possibly Mr. Moses is more mentally alert th am with respect to those particular things, but I will be very h to furnish you that information later.

STATEMENT OF L. E. MOSES, KANSAS CITY, MO.

Mr. MOSES. I will try to clear up this subject in your mind before ding anything further to Mr. Goetzmann's statement.

The average amount of wheat, as near as we can ascertain, to make barrel of flour, from the average wheat grown in the United States, a little over 4 bushels and 30 pounds. As it gets lighter you have use a few more pounds to make 196 pounds of flour. I think the erage is about 4 bushels and 45 pounds.

Senator McCUMBER. They usually figure it at 4½, do they not?

Mr. MOSES. They use that figure, but not the soft-wheat mills. I ve ground soft winter wheat, and we never have produced a barrel flour from much less than 4 bushels and 40 pounds of the best ieat.

Senator LA FOLLETTE. Does that barrel weigh 196 pounds?

Mr. MOSES. Yes, sir.

Senator McCUMBER. How about spring wheat or hard wheat?

Mr. MOSES. You can produce a barrel from 4 bushels and 30 unds of the best wheat. When the wheat is light, and the test es down to 52, 54, and 57 pounds, we must use more wheat to oduce the flour and correspondingly produce more feed. Figuring bushels and 30 pounds as a basis, that is 270 pounds of wheat. ke from that 196 pounds of flour and you get 74 pounds of feed. iere are different qualities of feed.

Senator WATSON. Seventy-four pounds of what?

Mr. MOSES. Feed.

Senator WATSON. That is not all one kind of feed, is it?

Mr. MOSES. No, sir; that is divided into different percentages of an and shorts, but ordinarily about 50 pounds of bran and 24 unds of shorts. Out of that 196 pounds of flour a good many ople take out another 2 per cent that is sold for a feed, but at a gher price. Then they take off, as Mr. Goetzmann explained, 5 r cent low grade of second clear, and then they take anywhere m 18 per cent to as high as 30 per cent of a first clear, leaving the tent flour as consumed by the people of the United States.

Now, to follow through the necessities of all the industries having e same protection we should have the same protection for the nufacturer of flour as you give the wheat grower, not alone on our count, but if you want to protect the wheat grower you must pro- t the miller. If you don't protect the miller who mills flour, you r down your protection to the wheat grower. That is all there to it, no difference how you figure it. If we can not sell the people the United States flour for the purpose of making American bread at is ground out of American wheat, and ground by American llers, you tear down the protection on wheat.

Senator WATSON. In other words, you injure the market.

Mr. MOSES. You destroy it. You must protect the flour and the ieat. There are probably 10,000 mills in the United States. Half what we call local mills that are in restricted territory and only rket to their own people and grind their own wheat. The other lf are larger mills that go out to all the markets of the United ates and go abroad to find a market for our product. I am more niliar with the Southwest and its production of wheat and methods handling the milling business than I am with the balance of the

United States, although I am somewhat familiar with conditions throughout the country.

Senator WATSON. Where is your mill located?

Mr. MOSES. Our headquarters are in Kansas City. We have also headquarters at Wichita, Kans., and operate mills in Kansas and Oklahoma. We buy wheat from the producer, and we have 15[illegible] elevators. I am president of the Southwestern Millers' League, the membership of which takes in the States of Kansas, Nebraska, Oklahoma, Missouri, Texas, and Colorado. In that district is produced 40 or 45 per cent of the wheat raised in the United States, and we grind 33⅓ per cent of the flour if we are permitted to grind it. Last year we didn't.

Senator McCUMBER. Put in the record what you think you ought to have, assuming that it takes 4½ bushels of wheat to make a barrel of flour. At 25 cents a bushel that would be $1.12½ per barrel of flour.

Mr. MOSES. Yes, sir. Understand, however, it requires 6 bushels 2 pounds to produce a barrel of patent flour.

Senator McCUMBER. That is on the flour and also upon your middlings and upon your bran. How would you divide that so as to give the right proportion to your flour content and the proper proportion to your bran and middlings?

Mr. MOSES. It is rather difficult to divide it at all times so it will work out exactly. I don't think of any scheme other than the ad valorem which would certainly be as just as a fixed schedule on bran and feed.

Senator McCUMBER. If there is a specific duty on the wheat, why should there not be a specific duty upon the contents of that wheat when ground into flour, bran, or shorts?

Mr. MOSES. It would be all right and satisfactory to us. Figuring at 4½ bushels it would be $1.12½ for flour, or 6 bushels and 2 pounds $1.51.

Senator McCUMBER. On the whole thing?

Mr. MOSES. On the flour.

Senator McCUMBER. On the flour alone?

Mr. MOSES. On the flour.

Senator SMOOT. You mean per hundred?

Mr. MOSES. No; 4½ bushels, about $1.12½; on 6 bushels 2 pounds $1.51.

Senator McCUMBER. Would you have anything in addition on your bran and shorts?

Mr. MOSES. Yes. It works out about eight dollars and [illegible] cents a ton.

Senator McCUMBER. That would be equivalent to how much on the short contents?

Mr. MOSES. It would be the same as 4½ bushels.

Senator McCUMBER. Then you would get considerably more than the mere differential between the importing value of your wheat and the importing value of your flour?

Mr. MOSES. Yes, sir. The idea is this: In figuring the cost of a barrel of flour, if I may explain this briefly, we first multiply the number of pounds or bushels of wheat we use in making a barrel of flour. We usually use 4 bushels and 40 pounds. I use that as a figure. If you use 4 bushels and 30 pounds we take that as the basis

From that total we deduct whatever we get out of our feed, whatr we get out we deduct from that cost of the wheat. That leaves cost of a barrel of flour. We never expect to make any money on d. There is not a miller in the United States that figures any fit on feed. We deduct from our cost of wheat the entire amount get out of our feed. The competition is so keen that we must do with the number of mills that are in the United States.

That results in the cost of 100 per cent flour, 196 pounds to the rel. To that cost we add our manufacturing and the cost of ng business. The large per cent of the offgrade flours, first clears, ond clears, and low clears, is shipped abroad. We export that. people in Europe do not eat as good flour as we do. The British s will take some of our 100 per cent flour, but the Scandinavian ntries take that second clear, first clear. All rye-eating countries to have it to mix with their rye bread. They don't care for or.

Ve get all we can for that flour abroad to meet the competition of ign mills. That is where we must sell it. Our people in the ited States will not eat it, and we can not grind it if we can not e an export market. We have commenced to build up our exts of this offgrade flour, so that the market is practically relieved hat. We usually figure if we can get what we term cost out of it are satisfied. It keeps us running. We give credit to the patent r cost that we sell in the United States all we get out of the exted flour. When we get through we divide that by the percent- of the patent flour, 75 or 65 or 70, some go as high as 80, but I nk the average is 75.

Therefore, to the people of the United States our cost, based on actual cost of doing business, on the actual cost of wheat, means we get out of brans and shorts, all we get from exporting flour and offgrades, is credited against the cost of patent flour, and figuring t cost of patent flour delivered to New York or any other destiion you include also the cost of the sacks. I guess that is about Insurance is a small item.

enator LA FOLLETTE. What do you get for a barrel of flour now?

Ir. MOSES. It depends on the delivery.

enator LA FOLLETTE. What is it in Minneapolis? What is it in nsas City?

Ir. MOSES. Kansas City patent flour is worth about $7 a barrel the sack.

enator LA FOLLETTE. By the sack?

Ir. MOSES. Yes, sir.

enator McCUMBER. What is the next highest grade worth?

Ir. MOSES. That is the highest.

enator LA FOLLETTE. $7 for 196 pounds?

Ir. MOSES. Yes. Of course, you have to add freight and all that t of thing to it.

enator SMOOT. What does the wheat cost you?

Ir. MOSES. Our wheat is worth to-day in Kansas City, the milling s are about $1.20 a bushel.

enator SMOOT. That is what I thought. It takes 4½ bushels to ke a barrel of flour?

Ir. MOSES. Yes, sir.

Senator SMOOT. That is $5.40?
Mr. MOSES. Yes, sir.
Senator SMOOT. Your bran and shorts, 74 pounds, are worth 7[illegible] cents?
Mr. MOSES. No, sir.
Senator SMOOT. What is it worth?
Mr. MOSES. Bran is $10 a ton.
Senator SMOOT. That is a half a cent. What are shorts?
Mr. MOSES. Selling about 14, average about 12.
Senator SMOOT. 25 cents, and 24 pounds of shorts. What is [illegible] price?
Mr. MOSES. That would be 70 cents. Take off 6 cents for sack[illegible] It figures about half a cent.
Senator SMOOT. 36 cents?
Mr. MOSES. A barrel?
Senator SMOOT. Yes.
Mr. MOSES. All right.
Senator SMOOT. $5.40 and 36 cents, $5.76?
Mr. MOSES. To that must be added the cost of doing busin[illegible] We are figuring it as $1 a barrel now.
Senator WATSON. The cost of doing business at $1 a barrel?
Mr. MOSES. Yes, sir. Last year at this time it was running $[illegible] and $1.50.
Senator SMOOT. That would be 24 cents you would make [illegible] barrel?
Mr. MOSES. On how much?
Senator SMOOT. $5.76.
Mr. MOSES. That is 100 per cent flour.
Senator SMOOT. Yes.
Mr. MOSES. We sell that to-day at $6, maybe less. That is [illegible] the patent flour, such as you use.
Senator SMOOT. That is not the patent flour?
Mr. MOSES. No; that is the 100 per cent flour. Now, from [illegible] price we deduct the percentage of the three different grades that [illegible] export, and the amount we get fluctuates considerably. Say we [illegible] making a 70 per cent patent, and we sell the 30 per cent of clear [illegible] abroad. And that we send abroad, the different grades and p[illegible] centages, is deducted from the $5.76, and afterwards the result [illegible] divided by 70 per cent, to give you the cost of the patent flour.
Senator WATSON. What are you selling patent flour for to-day?
Mr. MOSES. About $7 in Kansas City.
Senator WATSON. About $7 in Kansas City?
Mr. MOSES. Yes, sir.
Senator MCCUMBER. And that takes 6 bushels of wheat?
Mr. MOSES. No; 4½. We use 6 bushels of wheat, and you [illegible] figure in off grades of flour.
I think, gentlemen, that the ad valorem duty is the proper du[illegible] flour and feed. If you give us $8 a ton on feed, which it figure[illegible] here, and bran is worth $10 a ton, that would not be sensible t[illegible] a duty of $8 on $10 bran. The consumer of feed is going to buy [illegible] as low as he can.
Senator MCCUMBER. If we give you a duty upon a barrel of [illegible] flour equivalent to the increased duty upon the wheat that go[illegible]

at barrel of flour, why would you need any protection upon the an and shorts to get the proper differential?

Mr. MOSES. I will tell you the reason why. We don't need it, far as that is concerned, but Canada has a large milling capacity. eir population is very much less than ours, and they have great ficulty in disposing of their feed. We are in direct competition Canada in the foreign market with our flour, and here you can pose of your feed, and the cheaper you can sell your flour the aper Canadian mills can make a barrel of flour, and the cheaper y can undermine our markets in Europe. If we open the bars Canadian mills to bring their feed in here, we are building up their ling industry, grinding Canadian wheat, which they will ship oss the ocean, and we can not compete with them. It is hard ugh right now.

dislike to take up so much time, but last year at this time our t of producing a barrel of flour, owing to the light run of about per cent of our milling capacity, largely due to Canadian flour ing into our market, averaged in the United States about $1.50 arrel. We have to figure that or we will lose our mills. To-day mills of the United States, owing to the domestic market being s instead of Canada's, are running practically 100 per cent of our y capacity, and grinding a barrel of flour for a dollar. The sumers of the United States are saving that 50 cents. We are making it. Don't get that in your heads, with the competition 10,000 mills. We can't get together. We might, if we could. more you can foster the milling industry and give us that home ket, the less the cost of flour to the people of the United States pared with the cost of wheat.

enator CURTIS. What effect will the permission to mills of this ntry along the border to import Canadian wheat and reexport ave upon you?

r. MOSES. We have no objection to that, if section 316 really ns as I read it, as it is written here. We don't object to any mill he United States buying Canadian wheat and grinding it and exing it, provided that identical wheat products are exported.

enator McCUMBER. Including the bran and shorts?

r. MOSES. Including the bran and shorts.

enator McCUMBER. You are in Kansas City?

r. MOSES. Yes, sir.

enator McCUMBER. There is a market that is not so greatly afd as the northern market. The hard variety of spring wheat, rule, is not raised in any greater quantity than supplies the ng demand in that country. There is very little of our hard g wheat exported at all, only the very poor grades. It is all by the mills in the United States. Now, if they can get it right the line, what effect would that have upon the American mills?

r. MOSES. As far as that is concerned, I don't wish to get into sectional controversy, but we raise a hard winter wheat that we r into competition with hard spring wheat, and we assure you just as good flour.

enator McCUMBER. Minneapolis will not come down to Kansas and buy wheat.

r. MOSES. They are getting it right now, carload after carload g to Minneapolis.

Senator McCumber. Because they can get it from Canada without paying 25 per cent duty.

Mr. Moses. Yes; that is, using American wheat. The farmers in our section are getting the benefit of that.

Senator McCumber. I admit that; but what I am contending is that they are not injured if you can supply the milling demand at any time by reaching right over across the line and keeping your mills running with Canadian wheat.

Mr. Moses. If you are thinking a great deal more of their using Canadian wheat rather than American wheat; I am thinking about using American wheat for American consumption.

Senator McCumber. If the wheat is free, of course they will use Canadian wheat.

Senator Curtis. I do not think you understand Senator McCumber's question. He wants to protect American wheat, and is trying to find out the effect.

Mr. Moses. The effect would be, if they could reach over the line and bring this wheat in, they would not buy our wheat, and our Kansas and Oklahoma and Nebraska farmers that raise hard winter wheat would be compelled to come in actual competition with Canadian wheat growers.

Senator McCumber. By the mere grinding alone?

Mr. Moses. Yes, sir.

Senator McCumber. Because they are not going down to your country to get your hard wheat?

Mr. Moses. No, sir.

Senator McCumber. They would go into Canada, which would be nearer, if it was free, and it would naturally drive our wheat down.

Mr. Moses. It would. Of course, all former tariff laws in the United States always protected wheat to the extent of 25 cents a bushel and $1.25 on flour. There is a very short clause on the grinding of wheat in bond, or any other raw material, and the identity of the product must be maintained.

Senator McCumber. Which is not followed out in fact.

Mr. Moses. Not always; but they police it pretty well.

Senator Watson. Under the system of American valuation, you could get out the American value of that product?

Mr. Moses. Yes. It appears to me that the ad valorem duty would protect our wheat, with the fluctuations up and down in the wheat market, better than the specific duty, if the feed is protected by specific duty. Take this as it is written now, at practically a dollar a barrel, and it is sufficient to protect us, if the feed is high enough to keep out the Canadian wheat, with the exception that we would be subjected to occasional raids of Canadian flour coming over, particularly in New York and New England.

It might be interesting to you to know that we have figured from our different capacity mills that to shut down a mill one day on account of lack of orders, and we did it several days last year, cost us for a 500-barrel mill $385, and we discharged every man we could get rid of except the force of skilled labor that we must maintain. That runs on up in a 2,000-barrel mill. I think a 2,000-barrel mill costs $1,200 a day to shut down. We have to keep our salesmen on the road to sell more flour. We have to keep our millers and engineers and all our help that we can not replace by going to

dinary labor market, and to avoid shutdown for a day the mills all ht. A miller will sacrifice his goods rather than do it. If Canada ts a shortage of orders and they can ship over into this country, ey may pay you a dollar a barrel rather than shut down. They uld not make any money, but they would supply that much of r market with Canadian flour ground out of Canadian wheat, and lon't want to see it. We can raise enough wheat in this country more than supply our people. Our milling facilities are superior those of any nation in the world. I think our operators are as nomical as any, and by statistics furnished by the Federal Trade mmission it is the fourth and fifth largest industry operated with ess per cent profit, preceding the war, than any industry. It is ighly competitive industry. There is never such a thing as a price eement made that I know of. I have lots of personal friends in milling business, but when we get in competition with a brand of ir flour it is all forgotten. We have less excess milling production, pared with the requirements of the consumer of flour on the nestic market. We should export 30 per cent of our run.

'hey are rapidly getting hold of a foreign market again, and I eve we can in that way not only increase the average price to farmer, because it is better for the farmer to have a buying rer of seven or eight thousand mills rather than a few exporters, you will give employment to American labor in grinding the at and supply the dairy interests with a large volume of mill feed lower price, and that should make milk and butter cheaper.

'e believe this is an essential industry, a semipublic utility, and you should consider not only our needs as millers, but the effect it upon not only the producer, but the consumer, to keep us running. ou keep us running we will furnish the people of the United States the cheapest flour of any people on the globe. If we are shut n half the time and you let foreign flour be dumped in here, the umer must pay the price and we will go broke. We are trying to go broke. It is pretty hard work to figure it out. Last the backbone of the United States market was broken by Cana- wheat and flour. In one day it went off 25 cents a bushel on unt of flour going to New York City and the New England es.

TEMENT OF A. P. HUSBAND, REPRESENTING THE MILLERS' NATIONAL FEDERATION, CHICAGO, ILL.

r. HUSBAND. Mr. Chairman and gentlemen, we submit for your ideration the following resolution, adopted by a committee he Millers' National Federation, appointed to represent the rs of the United States in tariff matters [reading]:

> lved, That we favor a specific duty on both wheat and flour, and that the specific on a barrel of 196 pounds of flour shall be four and one-half times the specific on 1 bushel of 60 pounds of wheat plus 50 cents.

e CHAIRMAN. For whom do you speak?

. HUSBAND. For the Millers' National Federation. There are nt to-day Mr. L. E. Moses, president of the Southwestern rs' League, Kansas City, Mo.; Mr. W. V. Hamilton, president of New York State Millers' Association, Caledonia, N. Y.; Mr. ge P. Urban, of Buffalo, N. Y.; and Mr. C. M. Cochran, who are

members of the New York State Millers' Association, all being members of the Millers' National Federation.

Mr. Chairman, I have prepared a short brief which, with your permission, I will present.

Senator SIMMONS. Can not the witness state to us what he wishes to present?

Mr. HUSBAND. I can do that; yes, sir.

The CHAIRMAN. You can file a brief and state in a few minutes the points you wish to bring out. That will make a better impression.

Mr. HUSBAND. All right. Some representatives of the millers appeared before your committee in August and at that time made a statement that an ad valorem duty on wheat flour would be satisfactory. At that time they were dealing with a theory; to-day we are dealing with conditions. The importations of Canadian flour into the United States for December, 1920, reached the point of 226,7.. barrels of wheat flour. That went down to 118,000 in April, 1921, when consideration was being given to the emergency tariff bill and went down to 6,000 barrels in June when the emergency law was in effect. Within a few months the Canadian millers discovered that it was possible——

Senator SIMMONS. You are comparing the month of June in each of these cases or comparing some other months with the month of June?

Mr. HUSBAND. No, sir. I was going to state to the committee the figures given by the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce, covering the crop year 1920.

The Canadian millers apparently discovered that under the ad valorem system of assessing the tariff they could base the tariff on flour at the principal markets in the country in which it was produced, which in the case of Alberta was very much lower than the duty that we would have to pay upon the amount of wheat necessary to make a barrel of flour. The lowest possible amount that is possible to use for the production of a barrel of 196 pounds of flour would be 4½ bushels. We were down to that during the war; that is the minimum; to import that much wheat——

Senator LA FOLLETTE. What is the average?

Mr. HUSBAND. The average would be nearly 5. Taking the small mills throughout the country, I think it would be quite 5, if not over, because their machinery is not as efficient as in the commercial mills. That meant the miller importing that much wheat would have to pay $1.57½.

We took a transaction in Canadian flour in Boston in the latter part of November of a sale at $7.50 Boston, duty paid. That was Canadian flour, and that was as near as we could average it up from 80 cents to $1 below what United States flour was being offered for in Boston at that time.

Senator WALSH. Including freight from the West?

Mr. HUSBAND. Yes, sir.

Senator WALSH. How much was that freight?

Mr. HUSBAND. The freight item from the West, from Minneapolis to Boston, say, was about $1 a barrel.

Senator WALSH. What was the freight from Canada?

Mr. HUSBAND. More than a dollar.

Senator WALSH. It was more than a dollar?

Mr. HUSBAND. Yes, sir; considerably more than a dollar. We ured as near as we could that that milling company paid 90 cents barrel tariff duty upon that flour. It is seen that when they dis- vered that fact the importations of Canadian flour to the United ates rose from 3,500 in September of this year to 45,738 in tober. I tried to get the figures from the department for Novem- , from the Bureau of Foreign and Domestic Commerce, but could t do so.

Senator MCCUMBER. What was the number imported the previous tober?

Mr. HUSBAND. The previous October, when we had free trade, it s 163,312, but it had gone down in July in the meantime to 2,270 rels under the application of the emergency tariff. It is currently orted by men in the business that there was made a sale last day in New York City of 100,000 barrels in one lot of Canadian ur. If the tariff on that is paid at the source of production it l probably work out not much better to the advantage of our es, of our import duties, or to the American miller, than vious sales in the form of flour, and if it works out on the same is it would come in on the basis of from 18 cents to 19 cents a hel on the wheat involved, instead of the 35 cents that it should e paid.

Senator SIMMONS. What is it you want?

Mr. HUSBAND. We want a specific duty on both wheat and flour, that the specific duty on a barrel of 196 pounds of flour shall our and one-half times the specific duty on 1 bushel of 60 pounds wheat, plus 50 cents.

Senator SMOOT. Plus 50 cents a bushel?

Mr. HUSBAND. No; 50 cents a barrel.

Senator SIMMONS. What will that amount to?

Mr. HUSBAND. That will amount to $1.62.

Senator WALSH. How much is that over the present emergency ff rate?

Mr. HUSBAND. The emergency tariff act provides for a specific y of 35 cents a bushel on wheat imported into the United States an ad valorem duty of 20 per cent on wheat products. That is protecting us sufficiently, and that is the cause of our distress.

Senator WALSH. How does this work out?

Mr. HUSBAND. It would work out that, even with the difference change, we would be amply protected under our proposed change.

Senator WALSH. How much more will the Government collect per el for duty over and above what it collects now, if your recom- dations are adopted?

Mr. HUSBAND. You will understand that flour is made all over ada. It is not confined particularly, but naturally the western adian flour mills who are selling flour in the United States will the flour from a point farthest west so that it will pay the st tariff, which on the present basis would be about 90 cents.

Senator WALSH. You figure that the Canadian millers without any f can undersell you a dollar now?

Mr. HUSBAND. Yes.

Senator WALSH. Why is not a dollar enough tariff? You know I am from Boston.

Mr. HUSBAND. Yes, sir; and Boston has been the sore spot that it has been the dumping place, if you will pardon the use that word; they are dumping flour in there at low prices which can not meet. The facts of the matter are that our industry is in good shape. I am sorry to say that there have been sever rather serious failures within the last few weeks, and the Canadi miller very much dislikes to give up the United States market wh he enjoyed under free trade.

Senator SIMMONS. Would you not very much dislike to give the foreign markets you enjoy?

Mr. HUSBAND. I certainly would, Senator, and I expect our Gov ernment to help us keep those foreign markets.

Senator SIMMONS. How are you going to keep them if you not let the foreigner sell in this country?

Mr. HUSBAND. Well, you gentlemen appreciate, of course, every time you hit us you are hitting the farmer through us.

Senator SIMMONS. Is not that true of you, if we hit the farmer

Mr. HUSBAND. That is only exceptional.

Senator SIMMONS. If the farmer comes here and demands a p hibitive duty upon everything he produces, do you not expect everybody will follow suit and demand a prohibitive duty u everything he produces, and then we will have a wall against influx of foreign goods of any kind; and do you not think that w have a very disastrous effect upon your keeping those mar outside, which you say you so much want?

Mr. HUSBAND. Senator, that is purely a question for the ec mists, I think.

Senator SIMMONS. It is a very serious question for this commi I want to ask you this question. I do not know whether I understood you, but, as I understood, you wanted a specific dut flour which would amount to $1.62 a barrel?

Mr. HUSBAND. At the present basis of wheat that is what it w amount to.

Senator SIMMONS. And then you want in addition to that 50 ad valorem?

Mr. HUSBAND. No. We are through with ad valorem; we d want to consider that now; $1.62 is the full duty asked.

Senator SIMMONS. Then 50 cents a barrel. What is that 50 a barrel reduced to ad valorem?

Mr. HUSBAND. I could not tell you that.

Senator SIMMONS. What is the ad valorem specific?

Mr. HUSBAND. On a barrel of flour?

Senator SIMMONS. Yes.

Mr. HUSBAND. As near as we can get at it, the Canadian ma turer of flour in Calgary to-day pays 90 cents a barrel duty.

Senator SIMMONS. You add 50 cents to that and you have $ Do you think that would keep out all Canadian flour?

Mr. HUSBAND. Three months ago we felt it would; now we do

Senator SIMMONS. What I am getting at is that you want t all Canadian flour out?

Mr. HUSBAND. Personally I should like to keep it out.

Senator SIMMONS. You think that will keep it out?

Mr. HUSBAND. We think, after due consideration, that the tariff ked for here would certainly keep much of it out.

Senator SIMMONS. All of it?

Mr. HUSBAND. It might.

Senator SIMMONS. Then, what you are asking is not a duty; what u want is an embargo?

Mr. HUSBAND. What we are asking for is a protective duty.

Senator SIMMONS. What you said would make it amount to an ibargo. Does protection in your mind mean an embargo; is that ur definition of protection?

Mr. HUSBAND. I consider, sir——

Senator SIMMONS. I want to know whether you want a protective ty, or whether you want an embargo; whether you want a duty high that the Canadian can not get over the wall?

Mr. HUSBAND. So far as wheat flour is concerned, we feel that the er capacity in the milling business in the United States is so great at we are entitled to furnish to the people of the United States ery barrel of flour they need.

Senator SIMMONS. Are you any more entitled to that than the pro- cer of any other article that has any competition?

Senator WALSH. Is not what you are asking for an embargo?

Senator SIMMONS. If you are entitled to that, every other man who inufactures any product in this country which comes in competition th a foreign product sold in this country would be entitled to the me thing.

Mr. HUSBAND. Senator Simmons, answering your question, I was rn and raised in Pennsylvania.

The CHAIRMAN. I never knew any Pennsylvanians who asked for at kind of protection. [Laughter.]

Mr. HUSBAND. Gentlemen, we come to you frankly asking you for iat we consider is a protective tariff for our industry against our nadian competitors.

The CHAIRMAN. A protective tariff is usually considered to be one ualizing conditions; but you are asking for a prohibitive tariff, an tirely different proposition.

Mr. HUSBAND. The equalizing condition should take into consider- on the difference in the value of the American and the Canadian llar, among other things.

The CHAIRMAN. That is a matter we hope to get adjusted.

Mr. HUSBAND. That is a factor that we are meeting to-day.

Senator LA FOLLETTE. What is flour selling for per barrel in this intry now?

Mr. HUSBAND. I will have to ask some of the millers. I do not ow. I will ask Mr. Moses to tell you that.

Mr. L. E. MOSES. The ordinary grade of straight American flour it is being offered in the New York market, which is the largest irket, to-day is about $6.25 sacked.

Senator LA FOLLETTE. A barrel?

Mr. MOSES. Per barrel, sacked and delivered to New York.

Senator McCUMBER. That is a competitor with spring wheat?

Mr. MOSES. That is a competitor with spring-wheat flour manu- tured in North Dakota.

Senator McCUMBER. What is the price of spring-wheat flour?

Mr. MOSES. About $1 over that; $7.25.

Mr. HUSBAND. Mr. Moses has just reminded me of one thing ... make clear to you, as to approaching the matter of equalizing th... duty on the basis of 4½ bushels. That does make a bushel of flo... such as we used during the war, but the character of flour the Cana... dians are shipping in here represents the patent-flour content of abo... 6 bushels. That is a little technical and had better be handled b... some of the practical millers, rather than by myself.

Senator MCCUMBER. Do you export flour?

Mr. HUSBAND. Yes, sir; we have been fortunate in exporting fl... owing to the active cooperation of the United States Shipping Boa... in that they have given us a rate on the finished product as again... wheat that has permitted us to resume rather largely the exportat... of flour.

Senator SIMMONS. Where do you send it?

Mr. HUSBAND. Pretty well all over the world.

Senator MCCUMBER. Do you export spring-wheat flour?

Mr. HUSBAND. Yes; all characters of flour.

Senator MCCUMBER. What proportion of the exports of spri... wheat flour is made from Canadian wheat that is manufactured ... bond?

Mr. HUSBAND. I could not tell you that offhand.

Senator MCCUMBER. That, of course, pays no tariff.

Mr. HUSBAND. That does not pay any tax under present conditi...

Senator MCCUMBER. Except 1 per cent?

Mr. HUSBAND. Yes.

Senator MCCUMBER. There is considerable of that done, is th... not?

Mr. HUSBAND. I do not know that it is a very important fact... I know of only one mill of any size that is at present grinding in bo... that is the Washburn-Crosby Co. I do not know whether they h... more than one of their plants in bond.

Senator MCCUMBER So that they can under the present law, un... the provision as to grinding in bond, practically supply all the ex... flour from Canadian grain?

Mr. HUSBAND. Well, no. You will understand that a great de... our export business comes from the great Southwest.

Senator MCCUMBER. But I am speaking now of the spring-wh... product; the spring wheat itself, as I understand it, is not expo... to any great extent. A very small percentage is exported in ... form of wheat as macaroni and some of the lower grades, but ... good spring wheat raised in the United States is mostly made i... flour in the United States, and the spring-wheat flour that is exp... is mostly made from Canadian wheat ground in bond.

Mr. HUSBAND. I do not believe that is correct.

Senator MCCUMBER. Why should it not be correct if you can p... chase in the United States that product at a price less than ... American product? If they are both on the same basis, of c... there can be no object in doing that, but if the American w... should rise a little above the Canadian price so it would be profit... to import and grind in bond, then, of course, all ground in bond w... was exported would be Canadian grain, because it would be profit... to do that.

Mr. HUSBAND. All the grinding in bond? You are incorr... stating that practically all the spring wheat went to be ground. Th...

e millions of bushels of it brought through Duluth and other ports at go out as wheat.

Senator McCUMBER. Yes; but that is not what we call the cleared riety; that is macaroni and some other lower varieties; but the od milling wheat that makes the higher grade flour is practically ground and used for home consumption, is it not?

Mr. HUSBAND. Millers have to pay a premium for that, because ey have to bid against the exporter for it.

Senator SIMMONS. What did I understand you to say were the portations of flour last year?

Mr. HUSBAND. I did not total it. We figured the importations of ur from Canada for the crop year. That would be from Septem- r to the end of August, and I think it figured something like 00,000 barrels, or something like that. The statement was made at it represented 7 per cent of the flour production of Canada that s exported into the United States for the crop year beginning Sep- nber, 1920, and ending August, 1921, and in three months of that ne it was down very low.

Senator SIMMONS. During the 10 months of 1921 the imports are ven as follows: Free, 767,805 barrels; dutiable, 57,705 barrels. That uld make a little over 800,000 barrels that were imported during e first 10 months of 1921. Now, the exports of flour for the first months of 1921 are given at 14,540,000.

Mr. HUSBAND. Yes, sir; we have been 40 years developing that rket abroad.

Senator SIMMONS. Now, I see that of these exports 66,000 barrels re sent to Canada.

Mr. HUSBAND. That is a situation arising from the fact——

Senator SIMMONS. It is very peculiar.

Mr. HUSBAND. Not at all, Senator; you can make certain crackers biscuit only from our soft wheat flour.

Senator SIMMONS. The countries to which these 14,540,000 barrels flour were exported during the first 10 months of this year are ctically all the countries of the world, as you said a little while o. Now, when you export your wheat to all these countries— stria, Belgium, Denmark, Norway, the Netherlands, the United ngdom, Canada, and Europe, and so on—you have to sell that in mpetition with Canadian flour and with flour produced at almost y other place in the world, do you not?

Mr. HUSBAND. Yes, sir.

Senator SIMMONS. Are you able to send it out and distribute it all er the world and compete with all these flours produced in all ese places, and are you able to make any profit on that?

Mr. HUSBAND. The average miller does not figure on making any ofit on the export business. The average miller figures that by ans of his export business he gets a larger percentage of run for s plant, reducing the overhead not only on his export business t on his domestic business.

Senator SIMMONS. If the exportation of this 14,000,000 barrels is stopped, would it hurt you at all?

Mr. HUSBAND. You will understand that the American people mand and do get the highest character of flour that we can make r them, and in making that high-grade flour we make what is lled clears, lower grades of flour, such as Europe is hungry for

to-day, and our export business is made up largely of flour of that character.

The CHAIRMAN. How does that differ from the superior article furnished to the American consumer?

Mr. HUSBAND. If the war flour, such as we had, would stand as a type, that is what we use largely to export, and we extract the better particles of the wheat and manufacture the patent flour for domestic trade.

Senator SMOOT. You get more pounds of flour out of a bushel of wheat that way than if you ran it straight through?

Mr. HUSBAND. I do not quite catch your meaning, Senator.

Senator SMOOT. With a lower grade of flour you can make more pounds of flour out of a bushel of wheat?

Mr. HUSBAND. Yes, we ran that very closely during the war.

Senator WALSH. The flour you export is more bran and shorts?

Mr. HUSBAND. No; the bran and shorts are taken out, but they are inferior flours from the American standpoint. They are dark in the first place.

Senator LA FOLLETTE. Has it more gluten in it?

Mr. HUSBAND. My friend Mr. Moses can relieve me on the technical part.

Senator WALSH. Do you export any flour that is sold in the American market?

Mr. HUSBAND. Oh, yes.

Senator WALSH. Do you export that same flour at a lower price than it is sold for in the American market?

Mr. HUSBAND. I have done so in my experience as an exporter, for the reason that it costs so little to sell it. I have sold as high as 20,000 barrels and it cost me only 72 cents to sell it by cable, when it would have cost $2,000 in this country for brokerage.

Senator SIMMONS. I notice you exported during the first 10 months of this year to the United Kingdom 3,767,244 barrels and to Europe 1,450,348 barrels. You do not mean to tell the committee that the United Kingdom uses a very inferior kind of flour, do you?

Mr. HUSBAND. The United Kingdom imports considerable quantities of clear, Senator, very large quantities of clear.

Senator SIMMONS. Do not they buy in that country proportionately as good a grade of flour as our own folks do?

Mr. HUSBAND. No, sir; none of those countries do.

Senator SIMMONS. There are a great many folks over there that want a good grade of flour and would be willing to pay for it?

Mr. HUSBAND. I think so, and unfortunately for us the British miller is grinding it for them out of our American wheat taken over at lower freight rates than we can get on flour.

Senator MCCUMBER. How is it that the Canadians can import their flour for a less price than you are able to manufacture it; does he pay less for his grain?

Mr. HUSBAND. Well, sir, I saw a statement some time ago that during November mills in the western part of Canada were paying cents for No. 1 northern to the farmer. You are from a wheat country, Senator?

Senator MCCUMBER. That, of course, is very much less than the American product, and less than we would like to see the American

ve to take. Also their No. 1 northern is of a little higher standard ade than the American No. 1 northern of the same wheat, because ey require a higher grade in Canada than in the United States?

Mr. HUSBAND. Yes, sir.

Senator McCUMBER. Can he manufacture any cheaper?

Mr. HUSBAND. I think he can, sir.

Senator McCUMBER. Is his labor less?

Mr. HUSBAND. It is commonly said to be somewhat less than ours.

Senator McCUMBER. He has to ship it considerably farther if it is sed in Alberta or western Manitoba. What are the freight rates?

Mr. HUSBAND. He pays his freight rates in Canada to the point on border in Canadian funds, and that is somewhat to his advantage.

Senator McCUMBER. Can you say what elements make up the ount which enables the Canadian miller to sell his product in ston for $6 and how much?

Mr. HUSBAND. $6 this last sale. It has only been within two or ee weeks that this situation has been brought to our attention. have not been able to definitely determine the cause for that.

Senator McCUMBER. He pays a tariff at the present rate of how ch per barrel?

Mr. HUSBAND. Ninety cents, back in Alberta. Senator Simmons, I say to you, on the export business, that beginning with 1880 American flour-milling industry has exported flour every year, and only 9 years of those 41 has that export fallen below 10,000,000 rrels.

Senator SIMMONS. But we allowed some imports during those ars.

Mr. HUSBAND. I think the imports during those years were very all.

Senator SIMMONS. They are very small now.

Mr. HUSBAND. But they are getting larger.

Senator SIMMONS. You said a while ago you wanted to give me ne additional information. What did you say you were selling ur flour for?

Mr. HUSBAND. Mr. Moses will answer that.

IEF OF A. P. HUSBAND, REPRESENTING THE MILLERS' NATIONAL FEDERATION, CHICAGO, ILL.

We submit for your consideration the following resolution, adopted to-day by a mittee of the Millers' National Federation, appointed to represent the millers of United States in tariff matters:

"*Resolved*, That we favor a specific duty on both wheat and flour, and that the cific duty on a barrel of 196 pounds of flour shall be four and one-half times the cific duty on 1 bushel of 60 pounds of wheat plus 50 cents."

he duties as provided for in the "emergency" tariff act have been in operation for fficient time to determine, in a measure, their workability and adaptability to the ds of the wheat producer and wheat flour miller, as to protection intended by gress in passing that act. The administration of an act of Congress has such far-ching effect that full determination of results can only be ascertained after such act has been operative for a sufficient length of time to carry through a season or iod of commercial activity.

t is a recognized fact that the determining factor in marketing wheat is the flood ply that flows to market directly after harvest. Therefore at the time the informa- and testimony, either verbal or written, heretofore submitted by the millers of the ited States to the committees of Congress when considering a duty on wheat and eat flour, such testimony was based upon their best judgment at that time, without

advance knowledge of merchandizing and trade conditions that might arise during a subsequent marketing season or period.

The emergency tariff act provides for a specific duty of 35 cents a bushel on wheat imported into the United States and an ad valorem duty of 20 per cent on wheat products. Based upon the heretofore higher prevailing prices on wheat and wheat products, such ad valorem duty, if applied to the delivered price at port of entry, did appear to the millers of the United States as a partially commensurate tariff duty. An ad valorem duty on wheat products appeared to many millers to be the satisfactory method, based upon previous marketing and world conditions, but owing to the many factors that now exist, both commercially and financially, the millers of the United States, through the accredited Millers' National Federation, respectfully request of you to reconsider the testimony and information that has been given from time to time by various millers of the United States, wherein an ad valorem duty was advocated, and provide in the bill now under consideration by the honorable Senate Finance Committee, in lieu thereof, a specific duty that is commensurate with the duty on wheat.

To adequately protect the American wheat grower a full commensurate duty on wheat flour must be provided for in the tariff bill under consideration. Without such a fully commensurate duty on wheat flour, based upon the present actual marketing conditions the protection intended to be given the American wheat farmer becomes ineffective, because Canadian flour is being imported at a lower rate of duty than is applied to wheat.

The people of the United States demand and consume the best grade of flour that can be manufactured from wheat. To manufacture a barrel of 196 pounds of such grade of flour requires approximately 6 bushels of wheat; therefore the requested tariff duty on a barrel of wheat flour is no more than compensatory.

In the manufacture of the high-grade flour demanded by our people there is produced a lower grade, of approximately 25 per cent, which is exported to the various countries of the world that do not demand or use the high-grade flour as consumed in the United States. In exporting this lower grade of flour we are compelled to enter into price competition with the world, therefore 25 per cent of the wheat that is ground by the American mill finds its way into the export trade, and to a great extent goes to make up the total of wheat flour that is annually exported out of our surplus wheat production. The flour that is exported by the American miller finds its way into all parts of the world, and is not confined to the principal terminal wheat and milling markets, as in the case of wheat exportation. Such flour exportation brings the possibility of constant demand instead of seasonal requirements, and is an important factor in settling balances of trade with nations with whom we have commercial dealings.

The American milling industry is fourth in importance in the United States, and is not confined to any particular section of the country.

It is of supreme importance to the milling industry that our domestic demand for wheat flour be supplied by American mills that utilize American labor, American manufactured supplies and grind American grown wheat. Our industry reflects the prosperity of almost every interest in the United States. The 10,000 American mills are in competition for their wheat supplies, thus insuring a better price to the American wheat grower than could be obtained if such price should be determined only by the export wheat demand.

The supplies that the American miller will ordinarily require in machinery, etc., and the requirements of a thorough merchandising system creates an immense demand upon other American manufacturers and dealers. The skilled and semiskilled labor required by the American mills gives employment to thousands of intelligent American workers, operating under the best possible factory working conditions and environment.

The cotton grower of the South is keenly interested in the industry, as a large percentage of wheat flour is packed in cotton sacks, thus insuring a constant and dependable demand for a considerable portion of the yearly American cotton crop.

The power required for the operation of American mills insures a fuel consumption that is an important item to those engaged in such enterprise.

We feel justified in respectfully petitioning Congress to adequately protect American milled wheat flour on the same basis as American grown wheat is protected, with the full knowledge that such protection, if granted, will not only be a benefit to the American wheat grower and the American miller, but the general consuming public as well.

Wheat and wheat flour imports into the United States from Canada.

[United States Department of Commerce, Bureau of Foreign and Domestic Commerce.]

	Wheat.	Wheat flour.		Wheat.	Wheat flour.
1920.	*Bushels.*	*Barrels.*	1921—Continued.	*Bushels.*	*Barrels.*
tember	1,842,383	14,299	March	2,671,043	174,459
ober	9,800,438	163,312	April	4,564,542	118,069
'ember	9,522,572	201,668	May	1,902,667	47,851
ember	11,185,112	226,772	June	89,695	6,287
			July	713,669	2,270
1921.			August	239,556	3,693
uary	4,504,856	220,436	September	81,027	3,502
ruary	4,403,710	202,324	October	878,115	45,738

WASHINGTON, D. C., *December 15, 1921.*

n. WILLIAM M. CALDER,
United States Senate.

)EAR SENATOR CALDER: I have been informed by some of those present when I tified before the Senate Committee on Finance to-day that I consented to a statent made by Senator Simmons that we (the millers) were asking for a prohibitive ty or a duty equal to an embargo on flour.

did not so intend, as I believe such a duty as we have asked on flour would not "prohibitive" or constitute an "embargo," but would only afford the millers of country the protection they should have.

desire that the official record of the Finance Committee of the Senate be corrected indicate that we asked only for a "protective" duty.

Very truly, yours,

A. P. HUSBAND.

)DITIONAL STATEMENT OF L. E. MOSES, PRESIDENT SOUTHWESTERN MILLERS' LEAGUE, KANSAS CITY, MO.

Mr. MOSES (answering questions for Mr. Husband). The southstern millers make their high-grade flour out of the southwest hard heat, which flour now sells for $6.25, packed and delivered in the sw York market.

Senator SIMMONS. The average export price, according to the figures read a little while ago, for 14,540,578 bushels was $104,567,661. am told that the average price received, according to these figures, r this flour that you exported was $7.30.

Mr. MOSES. I did not want to interrupt Mr. Husband's testimony, it as an exporting miller I thought I could advise you on that tter than he could.

Senator SIMMONS. That is exactly what I want, some reliable formation about that.

Mr. MOSES. We do export what we call a high-grade flour to those arkets which demand a high-grade flour compared with other marts. About 50 per cent of the flour that the United Kingdom buys om us is what they term a "patent" and what we term a "straight," e other 50 per cent is made by the American mills as an offal from e grade of flour that our American people consume. Is that clear you?

Senator SIMMONS. Yes.

Mr. MOSES. The average patent flour consumed in the United ates is about 75 per cent of the better part of the entire run of flour ade in the American mill. It is separated by machinery out of e same wheat. It does not take any shorts or bran; it is simply a

mechanical manipulation of the flour, of the entire 100 per cent production. We cut off 75 per cent, on the average, of the best grade of that flour and sell it to our American people. That is what they demand. There is very little demand for 25 per cent offal flour. That is where these spring-wheat millers export the part of the spring-wheat flour raised in your State, Senator McCumber, in this clear grade flour produced in making the high-grade flour which they sell to the American people. Without the high-grade market we can not produce the 25 per cent offal grades. If we do not produce the grade and meet the demands of the foreign trade, our exportation of flour will decrease very rapidly. Therefore, we are asking you what we need to allow us to supply the American market with American flour ground in American mills and produced from American wheat.

Senator SIMMONS. Could you tell us the average price of flour taking all grades. The average price of the exports I have given you; could you give the average price of flour here?

Mr MOSES. It would be an average, but would not be real information. The flour that is consumed in the Scandinavian countries is of still lower grade than the 25 per cent. We divide the per cent into two grades, first and second clear. Certain countries will take the second clear.

Senator SIMMONS. I am not talking about the average sold abroad, because these figures give that. I am trying to get the average price in this country.

Mr. MOSES. Our price in New York to-day would be somewhere around $6.25 for Southwest flour and $7.25 for Northwest flour of like extraction. So that is the average price. What we supply to the family trade, the better grades, would run about 75 to 80 cents increased price over the price I stated. In other words, to make the higher grade it costs about 75 to 80 cents more than to make the straight grades. That is due to the fact that we get all we can out of the export trade, where the lower grade must go, and give the benefit of that to our American consumer.

Senator SIMMONS. That is what puzzles me. According to your statements and figures as to the average price, you are getting a little more for flour that you export then you get for the flour you sell here.

Mr. MOSES. That is sometimes the case. This year our firm has succeeded in selling abroad certain sales at a little higher price than we were asking our domestic market. We do not hold up the domestic market. If I may digress a little further, the higher percentage of capacity that a mill can run the lower the cost element.

Senator SIMMONS. If you get $7.30 in the markets of the world where there is universal competition, and that is a satisfactory price to you, it does not seem to me that you would need so much protection in the home market. It surely does not seem to me that presents a situation where you have the right to come here and ask for a prohibitive rate.

Mr. MOSES. We are not asking for a prohibitive duty.

Senator SIMMONS. Mr. Husband admitted that was what he wanted.

Mr. MOSES. He is pretty well posted, but he is not a miller. My idea is this: In our price of flour 90 per cent of the cost is raw material, not taking into consideration the sack or transportation charges

herefore, the average price depends upon the price of the wheat ıat we pay to the American farmer. That is the controlling factor. heat has gone down in the last two or three months from what we st paid the farmer at the beginning of the crop. Therefore, the ices to-day would not reflect the average price we have gotten this ear. We are compelled to ask for our flour based upon the price we y the American farmer for his wheat. If wheat would go up, our ice would increase, and if wheat would go down, our price would down. Therefore, there is no such thing as an average price, ithout taking into consideration the average price of wheat. It is t like manufactures where their principal cost of manufacture is bor. Our principal cost is the raw material.

The greatest item of expense we have is the overhead; that is a ed charge that we must have to keep our organization together. we do not run we have got to keep that help, and the greater pacity we can run the cheaper we can make a barrel of flour, and e cheaper we can make a barrel of flour the cheaper we can sell to the people of the United States. Without this American arket our run is going to be reduced, and the cost of our product the people of the United States is going to be increased absolutely.

In asking this extra duty of 50 cents, I wish to say that it is protctive and not prohibitive. It is a protection against Canadian illers coming in at certain seasons and dumping their stuff on our arket regardless of cost. We do not believe it is fair that they ould be permitted to do it. The 50 cents extra, with this four and half times the duty on wheat will no more than prevent that ımping at seasonal periods. I think I am correct in stating that eir cost of doing business is less than ours, that their scale of wages less than ours. I know it is, even on the same basis, so long as ey pay their labor in Canadian currency compared with our Amerin dollar.

Senator SIMMONS. Do you export any yourself?

Mr. MOSES. Yes, sir; we are one of the heaviest exporters in the ited States.

Senator SIMMONS. Would you be seriously hurt if you lost that siness?

Mr. MOSES. Very much. The people of the United States would seriously hurt. It would increase the cost of our manufacture per cent over and above what it costs now, on account of a limited n. Our overhead will go on just the same.

Senator SMOOT. And taxes and such items as that.

Senator SIMMONS. You do not want to lose the export business?

Mr. MOSES. We certainly do not. The American industry has en built up on the export business.

Senator McCUMBER. If you did not export any of your flour there uld be so much more wheat that would be ground for flour in s country that it would depress the price of wheat?

Mr. MOSES. It would; naturally.

Senator McCUMBER. There have been times in the last 15 or 20 ars in which millers, in order to hold the European markets, have en compelled to sell at a loss?

Mr. MOSES. To keep running. That is an involved statement. would reduce our total expense per barrel. At times it is advisable us to take a large order if we can get it which might be near cost,

to reduce the entire cost of all the flour that we make, both domestic and export. We attempt to get a little profit out of the export business.

Senator McCUMBER. I was informed some years ago by the Minneapolis millers that at one particular season when the price of flour was very low in Europe they had lost about 10 cents a barrel on their entire exports for that year.

Mr. MOSES. It would be economically sound for them to do so. It would reflect to the prosperity and benefit of the general public of the United States for them to lose that. It would make their average cost 15 cents a barrel cheaper to keep that volume of business which would necessarily otherwise be taken up by the consuming American public in the price of the flour.

Senator McCUMBER. They had to consider this, that if they once lost that foreign market it would be very difficult to regain it?

Mr. MOSES. It would be. We have had very hard work this year to reestablish our brands, but I believe as a whole we have done very well. We have only felt the competition of Canadian flour in this market in the last 60 days. This reported sale of 100,000 barrels of flour means nearly 500,000 bushels of American wheat that should be consumed by the people of the United States, ground in American mills with American labor, instead of Canadian wheat ground in Canadian mills with Canadian labor. That is all there is to it, gentlemen. Which do you wish to sustain?

Senator WALSH. In other words, up to October 1 your industry considered that the rate in the emergency tariff was sufficient, as it did succeed in keeping out Canadian flour. Since October 1 there have been such shipments of Canadian flour that you are frightened and want an increased rate?.

Mr. MOSES. Based upon our past best judgment prior to the war we thought a 20 or 25 per cent ad valorem duty would protect our flour market, but owing to the exchange situation and the application of the emergency tariff by the Treasury Department in assessing that duty f. o. b. the mill instead of ports of entry, or upon Canadian valuation instead of American valuation at ports of entry, as Mr. Husband has stated, the duty paid on wheat shipped into this country in the shape of flour has only been one-half of your wheat tariff. In other words, when shipped in here, as near as we can figure, it pays a duty of about 18 cents a bushel instead of 35.

Senator WALSH. And that is due to what you think is a wrong interpretation of the Treasury officials?

Mr. MOSES. I would not wish to criticize them. They claim that is the law and they have no other recourse but to go according to the law. If that is the law they must follow it; they can not change it.

I appeared before you last August with Mr. Goetzmann, the president of the Millers' National Federation, and made a statement which I wish to withdraw, that if you could not make a specific tariff we would accept 25 per cent ad valorem as a substitute. During the past three months, under the method of valuation of the Treasury Department, 25 per cent ad valorem would not protect the American miller, compared with a tariff that you should put on wheat. We are asking 50 cents extra, over and above the usually accepted factor of $4\frac{1}{2}$ bushels to make a barrel of flour, simply as protection against

umping in seasonal periods, which has occurred in the United States ıarket.

Senator WALSH. That is what happened in the last 60 days?

Mr. MOSES. Yes, sir; and will happen every year. We want this ıarket. Until the Canadian flour came in here our mills were runıng on an average of 90 per cent capacity, which allowed us to reduce ır cost of operations, and that was reflected to the American market. o-day we have declined to about 62 per cent.

Senator WALSH. How much has this dumping reduced the price of our; what was the price on September 1, and what is it now?

Mr. MOSES. I would not say it reduces it, but it takes away our ıarket.

Senator WALSH. What was flour selling for on September 1 or —$6.25 flour?

Mr. MOSES. I could not say. It changes every day.

Senator WALSH. Do you not know what it was last September?

Mr. MOSES. I have not any idea. Flour will go up and down with ie price of wheat. It is not like any other commodity in the world. think flour in September was probably selling at 60 to 75 cents a ırrel more than now.

Senator WALSH. So it forced down the price below the cost of anufacture?

Mr. MOSES. It affected the farmer as much as us.

Senator MCLEAN. Are the millers, generally speaking, paying large vidends?

Mr. MOSES. No, sir. Prior to the war the Federal Trade Commison stated that the milling industry was run on less profit than any her industry.

The CHAIRMAN. Let me remind you that your name was not on the t to-day.

Mr. MOSES. I took Mr. Husband's place because there were some ıestions I could answer which he could not.

The CHAIRMAN. We have been very much interested in hearing you.

Senator DILLINGHAM. Relating to paragraph 731, which places an l valorem duty on bran, shorts, and other by-product feeds, it has en suggested by Mr. Cox, who appeared before the committee, that would be better to make that a specific duty.

Mr. MOSES. I agree with Mr. Cox. We do not want any ad valorem ıty. As to the amount of the tariff, I think the millers will leave at to the gentlemen of the committee, who have other industries ming here, in the way of consumers of feed, and we do not wish to ake any suggestion as to that. We are asking full protection on our ur compared with the price of wheat and our merchandising condiıns. I am sorry to have taken Mr. Husband's place, but I know he uld not answer the questions you asked, as he is not a miller.

Senator MCCUMBER. Your statement has been very enlightening.

Mr. MOSES. Thank you very much.

'ATEMENT OF W. V. HAMILTON, CALEDONIA, N. Y., PRESIDENT NEW YORK STATE MILLERS' ASSOCIATION.

The CHAIRMAN. Will you make your statement brief, because the mmittee is long past the time of adjourning.

Mr. HAMILTON. Mr. Chairman, my remarks will be extremely ief. In appearing before you it is with no design or desire or

expectation that we can enlighten your committee very much on th technical part of drawing up a tariff schedule which would app to our industry. My only thought is simply this, knowing as I do the conditions that surround the mills in the State of New York to give you some facts relating to them. We have a milling capacity in our State of about 60,000 barrels per day, and under the applica tion of the present schedule on wheat and wheat products as reflect in the emergency tariff bill, all our mills are substantially out business, with the exception of one unit, which is running on bond wheat. Mills are either running on short time, or not running a all. That is a situation, to my mind, which ought to be correct and I believe you will all agree with me that it should be correct.

The resolution which was drawn up and is presented in the br which was filed by Mr. Husband originated with the executive com mittee of the State Millers' Association of the State of New Yor and represents, in my judgment, a very clear and very con straightforward way to remedy this situation.

We oppose the ad valorem duty. If you are going to have a spe duty on wheat, the raw material, we want that duty to be reflected i specific duty of four and one-half times that, representing a duty th will prevail on a barrel of flour. Then we are on a parity in t manufactured article, corresponding exactly with the cost of raw material. There will not be any deviation from that, as w most assuredly occur if you have an ad valorem duty.

On top of that we ask for 50 cents a barrel protection, which h already been spoken of as covering the difference in cost of operat the mills in the United States and in Canada.

We believe you are here as part of this administration, because the mandate that was issued to you in our last general election t the factories and mills of the United States are entitled to so protection, and when we ask for that additional protection of 50 ce a barrel it is substantially a protective duty and we believe we entitled to it; and without such protection this great indus which we represent here will never be able to pull out of the hole th are in at the present time. We can assure you, gentlemen, that have been so near Hades that the soles of our feet are alre scorched, and unless we have relief from this most intolerable situat we can conceive of our industry being thrown on the dump he very soon.

Senator McCUMBER. To what extent are you grinding in bond New York?

Mr. HAMILTON. Only one unit, the Washburn-Crosby Co. Buffalo, is doing that.

Senator McCUMBER. Do you know to what extent they are ma ufacturing bonded wheat?

Mr. HAMILTON. I think their output is about 9,000 barrels a d

Senator McCUMBER. The entire output of the mill is how much

Mr. HAMILTON. Their capacity is, I believe, 20,000 barrels day.

Senator McCUMBER. Then they are running about two-fift bonded grain?

Mr. HAMILTON. Yes; perhaps a little more than that.

TATEMENT OF HON. EDWIN F. LADD, UNITED STATES SENATOR FROM NORTH DAKOTA.

Senator LADD. I now desire to take up for a few moments the iatter of cereals. In paragraph 730 it is provided that flour shall e subject to a tax of 50 cents to 100 pounds. I shall have to agree iere with Mr. Bell, because I heard his testimony to the effect that iat is not as high as it should be for protection.

Senator SMOOT. You want an ad valorem duty of 25 cents instead 50 cents a hundred?

Senator LADD. I had not figured on the ad valorem, but it should e raised, in my judgment, to 65 cents. The actual figures, as I calcute, would be 59.59, to say nothing about the cost of labor. I think is wiser to bring in wheat, if we are to import, rather than the our. Mr. Bell, if I remember, thought it should be not less than 75.

Senator McCUMBER. My recollection was it would be 4½ times a barrel of flour what it would be on the bushel of wheat, plus 50 nts. That would make it considerably higher than that.

Senator LADD. But it certainly ought to be higher than 50 cents, in y judgment.

Senator SMOOT. You want an ad valorem instead of a specific?

Senator LADD. I can not agree that the wheat which comes in from inada has no influence. The wheat from Canada is not in competion, as many of them claim, with the entire wheats of this country. he wheats of Canada are in competition only with the wheats of e same type that are grown in the Northwest—part of Minnesota, e two Dakotas, the northern part of South Dakota, and eastern ontana. That wheat is rich in gluten, and produces a white flour. he wheat of Kansas is very rich in gluten, but it is yellower in color the flour; and the wheat of Kansas is on the market a month or x weeks before the wheat of the Northwest and Canada comes on, id has been largely taken care of. The millers need, as was stated, l of that hard spring wheat, and when it can be brought in from inada, and especially in bond and stored in warehouses and kept to taken out when desired from time to time, it comes directly in mpetition with the hard glutinous spring wheat of the Northwest id tends to depress the price.

I have not been able to bring myself to see where it would be to the lvantage of the people in this country to permit them to add a cerin portion of American wheat and then sell the by-products in this untry without any tariff.

Senator McCUMBER. As long as we are exporting considerable the flour made of the hard spring wheat raised in the Northwest, is t the provision for grinding in bond for export trade equivalent to ving the miller the right to nullify any tariff that we may place upon e grain whenever our price is above the general level of the Canaan price?

Senator LADD. It has that effect. It makes it possible for them stop the purchase of the American product and again on the bonded oduct; and when that is done the price is depressed proportionately, id at the present rate of production, in five years more we will it be producing more wheat in this country than will be necessary r the people of this country to consume, and in 10 years at the

present rate we will be importing wheat, unless there is somethin done to encourage the wheat industry of the country.

Senator McCumber. And by encouraging the production of th so there will be less acreage of the Northwest sown to wheat, w can bring back a better equilibrium between the production an consumption?

Senator Ladd. There is no question there, because in the Nor west there will be not less than 5,000,000 acres there withdrawn wheat lands to be sown in flax, which is needed in this country, an to that extent we will reduce the amount of acreage devoted to whea

Senator Calder. Senator Ladd, have you the figures there ind cating the amount of flour imported into this country?

Senator Ladd. I tried to get that data for this year, but the figur I was able to get was 40,000,000 bushels imported from Canada but newspaper reports for the last year have stated 60,000,0 bushels; whether that be correct or not, I can not say.

Senator Calder. Of wheat?

Senator Ladd. Of wheat imported from Canada.

Senator Calder. Did any Canadian flour come in?

Senator Ladd. I do not believe I have the figures on that. The has some Canadian flour come in, but I think I have no figures.

Senator McCumber. We had a witness from northern New Yor a miller, who stated that there were great quantities now comi in from Canada.

Senator Ladd. That is what I am told. But I have not the da for it.

Senator McCumber. I do not remember how much he state

Senator Calder. What volume of flour do we export?

Senator Ladd. Beginning with July, 1920, I will read by mont the totals of all countries: July, 34,655,000 bushels calculated ba to the form of wheat; in August, 1920, 32,674,000 bushels; in Septem ber, 34,994,000 bushels; in October, 43,033,000 bushels; in Nove ber, 30,899,000 bushels; December, 30,179,000 bushels; in Janua 1921, 27,105,000; in February, 23,075,000; in March, 20,763,0 in April, 24,801,000; in May, 31,624,000; in June, 32,912,000. Th completes one full year, but it has increased very materially.

Senator Simmons. You are referring to the exports?

Senator Ladd. I am referring to the exports, calculated in the fo of wheat. The total exports for that year, from June 30, 1920 June 30, 1921, were 362,000,000 bushels, the largest export we ev had.

Senator McCumber. And, of course, we could not have that wi our crop raised in the United States without importing a great ma bushels from Canada?

Senator Ladd. There has been an exceedingly rapid increase.

Senator Simmons. I thought I understood the witness to s about 40,000,000 imported from Canada.

Senator McCumber. He said about 60,000,000.

Senator Ladd. I stated that the last official information I w able to get was nearly two months ago, 40,000,000 bushels w the newspapers have reported within the last week that there ha already been imported 60,000,000. I will not differentiate betw the official information and that which was stated in the newspap

Senator CALDER. Senator Ladd, is the duty fixed in the Fordney l as high as any other which has been levied?

Senator LADD. I think it is.

Senator CALDER. When you consider these immense importations this high duty, do you not think it is quite sufficient to protect farmer and miller?

Senator LADD. I have not asked for anything more—in the rdney bill it is 25 cents per bushel, and that is what I am asking for.

Senator CALDER. You suggested 60 cents for the flour?

Senator LADD. In order to make it compensatory with the wheat elf. As it is now you are going to induce the importation of flour, t as you did of oil, because your figures are too low on the flour compared with the wheat itself.

Senator SMOOT. Mr. Husband asks for a duty four and a half times duty on wheat or four and a half bushels to the barrel.

Senator LADD. I think that is higher than is necessary.

Senator SMOOT. The basis of that was that it takes four and a f bushels of the best wheat to make a barrel of flour.

Senator LADD. That is the usual calculation.

Senator CALDER. I ought to know, but may I ask how many unds of flour there are to a barrel?

Senator LADD. There are 196 pounds.

Senator SMOOT. But at the rate of four and a half bushels you 50 pounds of bran and 20 pounds of shorts.

Senator MCCUMBER. I can complete your testimony on the exrts of flour and wheat. That is, the first 11 months of 1921 we ported 269,497,218 bushels of wheat as wheat. Then, in addition that, we exported 15,786,443 barrels of flour, which would be uivalent to about 72,000,000 bushels of wheat, which would make entire amount of exports in the 11 months about 341,000,000. n you tell me, Senator, about what the 1921 crop of wheat in the ited States is?

Senator LADD. The report I was able to secure for 1921 was l,893,000 bushels, as compared with 833,027,000 bushels in 1920, d 968,279,000 bushels in 1919.

Senator MCCUMBER. Assuming that all of these exports of flour d wheat were from the 1920 crop, you will see that we must ve imported 50,000,000 or 60,000,000 bushels of Canadian wheat order to have been able to supply the home demand and also to port this amount of wheat in the shape of wheat and flour to rope.

Senator LADD. There is no question there.

Senator SMOOT. I do not think there is any doubt but what the st of the wheat that comes from Canada is held in bond and ported.

Senator LADD. Yes, sir.

Mr. MCCOY. These statistics of imports are here as well as those ports.

Senator SMOOT. It makes no special difference, because we know amount imported is milled in bond, and the amount of that flour es to foreign countries.

Senator MCCUMBER. I think that only that portion is mentioned which notation has to be made, and that is the proportion which milled in bond and on which there are rebates.

Mr. McCoy. That is not mentioned at all.

Senator McCumber. All along the line in the State of North Da-kota and Minnesota any farmer can bring in over the line as much wheat as he wants; there is no tariff and no report is made of it, and it is sold in American elevators and sold for American consumption and, therefore, it is impossible for the departments to know anything about what is shipped in, except that which is brought in and shipped out.

Senator Walsh. Under the emergency tariff an increased rate was made upon wheat?

Senator Ladd. Yes.

Senator Walsh. But no compensatory duty was placed upon flour?

Senator Ladd. Oh, yes; I think there was.

Senator McCumber. There was a compensatory duty, which was 20 per cent ad valorem.

Senator Walsh. It was not sufficient, was it?

Senator McCumber. It was not sufficient.

Senator Walsh. That is what I thought. Did it result in the increase in importation of flour in the last six months?

Senator Ladd. Yes; I think there is another reason for the increase in the importation of flour, and that is the difference between the monetary values of the Canadian money and our own money. When wheat was selling at $1.48, it was equivalent to 14 cents a bushel, advantage there of 14 cents on every bushel, which practically was more than one-half of the duty in that one item alone. For the coming year, 1922, there is a reduction of 500,000 acres reported in the wheat zone in the winter-wheat belts, and 100,000 acres reduction in Kansas alone; and the report from the department on December 1, according to the figures I received, show that it is 13 points below what it has been in 10 years, and considerably below the prospects of last year, indicating that the farmers have not been able to, or felt that they could not continue producing wheat at the price they were receiving for it at the present time.

I do not know that there is anything more that I care to say, unless there is some question required to be asked.

Senator McLean. Was the high peak of production reached in 1918 or 1919?

Senator Ladd. 1919.

Senator McLean. Is there a surplus now?

Senator Ladd. No—it is impossible to say. The amounts of consumption this year is estimated at considerably below what it was last year per capita, but I think there is an error in the figures, due to the fact that we did not have correct information with regard to the amount in storage and with regard to the amount in bond in this country, and the amount in storage in warehouses in this country, so that I think our figures are misleading in that respect.

Senator McCumber. Do you wish to cover other subjects?

Senator Ladd. I thought that the Committee on Agriculture or other sections would cover the other points.

Senator McCumber. I was going to say that we would be glad to hear you.

Senator Ladd. I think others can do better, unless there is some special question.

Senator McCumber. Have you considered the question of barley and rye duties?

Senator LADD. No, I have not; I have not studied barley and rye, d I think there are others on our committee that have studied ose and who can state those two subjects to better advantage. I ly studied oil, flax, wheat, and flour.

Senator McCUMBER. Mr. Bell was here the other day. You heard testimony?

Senator LADD. Yes.

Senator McCUMBER. On behalf of the millers he offered certain endments. In his testimony he stated that he thought he could nvince me and also convince yourself that it would be to the erest of the American farmer to continue the drawback and to eralize it; and I stated at the time that I should be exceedingly d to be so convinced. I have not had an opportunity to talk th him since. I was not convinced by the argument he presented re, and I would like to have your definite opinion, as I know you nt over the subject pretty thoroughly.

Senator LADD. Mr. Bell spent nearly two hours with me, but he s not able to present any data that led me to change my mind th regard to the effect it would have on the development of agri- lture in the Northwest, and that what he was asking for was not to advantage of the farmer but to the advantage of the miller. I agree with him that the compensatory duty on the flour is not at is required, but on the other features I can not agree with him, hough I would like to.

Senator SMOOT. I understood Mr. Bell to request that the bonding vilege be extended so as to allow wheat to come in from Canada d not be held in bond by itself and ground for exportation, but t the same quantity of flour be exported that would be made m a quantity of wheat imported, but not kept separate at all; that s his proposition, the liberalization that he asked.

Senator LADD. And I do not think that that is in the interest of riculturists in this country and I can not agree with him that there a demand for the additional amount of bran and of mill feed to ne in free of charge; because while it may be of some help to the tern dairymen. it is simply a direct detriment to the agriculturists the Central West, where the most of the corn and other feed ducts are grown.

Senator SMOOT. It would, if there is an overproduction at any e, but as long as there is not enough to meet the requirements I not know whether that would have any effect upon the price or t. I thought that the danger of it would be in allowing the eat to come in here and be ground in quantity rather than the ntical wheat.

Senator SIMMONS. Senator Smoot, if wheat was selling cheaper in nada than it was in the United States, would it not lead to the rchase on the part of the millers of the entire amount of wheat it they needed for the manufacture of flour that is exported?

Senator SMOOT. There would not be any American wheat, in my inion, ground for exportation.

Senator LADD. No, sir.

Senator SIMMONS. There is one other thing in my mind, and that the reason I asked Mr. Bell to explain to me why he thought there uld not be a disadvantage. The same thing occurs with relation the exportation of sugar to Cuba, and I do know if that privilege

was extended it would be very detrimental to the producers of sug in this country, and I think it would do the same thing to the produce of wheat.

Senator LADD. I think it will.

Senator SMOOT. It means that with wheat cheaper in Canada th situation will be as you contend. The Senator from North Dako has contended—I think he is wrong in some instances—that som times the differences are very small and at other times great But assuming it is cheaper in Canada than it is here, that provisi would practically take away our export trade in flour to Canada.

Senator LADD. That is what it would do.

Senator McCUMBER. Mr. Bell admitted that there was pra tically no wheat outside of durum wheat raised in the Northwest a good milling grade that was ever exported as wheat. The millin demand under ordinary conditions will cover all of the wheat th we raise of the hard spring wheat in the Northwest?

Senator LADD. Yes, sir.

Senator McCUMBER. The mills desire to keep up their exp trade. They wish to hold their old European and other custome Canada is a strong competitor in those markets. The time prote tion will do us good is when we are a little short of the amount nece sary to supply those mills; and under the provision that is asked f by Mr. Bell it would seem to me that whenever, by reason of a lit less than the American demand, the crop in the Northwest, when would get a little higher price and begin to get the whole benefit the protective tariff, that they can reach right over and tap t Canadian granary for all the grain that they need for the export tra and, of course, that would decrease the demand for the Americ wheat. That is the way it looks to me; if I am wrong, I wish som one would correct me.

Senator LADD. I think you are correct in that, and I think wh they can report 30,000,000 or 40,000,000 or 50,000,000 bushels to exported as excess quantity of wheat to be ground it has a tenden to depress the price of wheat in this country, just that factor al

Senator SIMMONS. I agree with you about that. But is not th whole protective theory based in part upon the idea that it is not apply to raw materials that are imported into this country for pu poses of manufacture and sale; does not that run all through t tariff system?

Senator LADD. I would put it this way——

Senator SIMMONS (interposing). I think you have presented a ca here where that would work a hardship upon the American far

Senator McCUMBER. That raises the question of what is r material.

Senator SIMMONS. Is not wheat the raw material of the millm

Senator McCUMBER. It is not raw material to the farmer.

Senator LADD. It is the finished product to the farmer, and if ultimate manufacturer is to have protection on his finished produc and he is entitled to that—that is all I think that is necessary give the farmer the same degree of protection as is afforded manufacturer. It may be the other man's raw material, but the farmer's finished product.

Senator SIMMONS. Of course, wheat is the product of the farm but when it is converted into flour it is the raw material of the mi man?

Senator LADD. Yes.
Senator SIMMONS. The theory that your protective tariff laws are itten upon certainly is just as I have said a little while ago, that the imported article is converted into form for the purpose of port, that the duty he has paid upon the raw material that is ported shall be remitted and rebated to him, and that is in the erest of expanding our export trade.
Senator LADD. Yes, sir.
Senator SIMMONS. Here, it seems to me, you have developed a se where there is a conflict between the interests of our export ide and the interests of our domestic trade.
Senator LADD. Yes; and I think in those cases we must consider iether the product that you are going to import duty free is one it is coming in direct competition with a like product in this intry.
Senator SMOOT. I think that the greatest danger to the farmer this country, to grant that request, would be this, that the miller ild go to work and grind American wheat here and get a big pply on hand, or he could let it run down, if he desired, and then port Canadian wheat here and get off of the American market as urchaser of wheat and run his mills upon wheat for exportation.
Senator LADD. Yes, sir.
Senator SMOOT. And bear the market price of the American mers' wheat down.
Senator LADD. There is not any question but what it has been ne for years continuously.
Senator SIMMONS. Is it not true that the sugar refinery importing r sugar from Cuba or from foreign countries and converting it o granulated sugar or refined sugar for exportation is remitted duty?
Senator SMOOT. Oh, yes; 99 per cent of it.
Senator SIMMONS. The point I am making is that if we refused to what Mr. Bell says, would you not be in conflict in this particular e with your provision?
Senator SMOOT. Absolutely; there is no doubt of it. All of the wback provisions of our law now require that the identical wheat it is placed in bond for exportation shall be made into flour, and it flour exported; and the same with Cuban sugar. The Cuban ar that comes into this country for exportation goes into bond, l it is not mixed with any other sugar that goes into local con-nption; it is refined in a bonded warehouse, shipped from a bonded rehouse to a foreign country.
Senator SIMMONS. Is Mr. Bell asking for more than that?
Senator SMOOT. Yes; Mr. Bell is asking that when that wheat comes the amount of bushels be kept track of for exportation, but that identical wheat could be ground and sold into the American rket, and at some other time they could make just the amount of ir that the importations from Canada would produce—and it may from American wheat—and exported.
Senator LADD. At any time within one year.
Senator SIMMONS. Then I think it would be a dangerous provision put in any law, but, did I understand you, Senator Ladd, as posing Mr. Bell's suggestion, if it is confined to wheat in bond ich is manufactured?

Senator LADD. If it is wheat in bond and the identical flour shipp out, I am not opposing that. But even that is used to the detrime of the American farmer.

Senator MCCUMBER. You say you are not opposing it, but as matter of fact it does work against the interests of the American farm

Senator LADD. That is just what I stated.

Senator MCCUMBER. That is so, without any possible question.

Senator LADD. There is no question there for a moment.

Senator MCCUMBER. Because it allows the miller at any t that we are a little short of wheat and our prices would be increase and the Canadian prices lower, to reach over and to get all of grain in Canada instead of making a demand here and compellin the American grain to move?

Senator LADD. That is it.

Senator SMOOT. There is one other question Mr. Bell laid gre stress upon for the committee to act upon favorably, not only assist the millers themselves but the farmer generally, and that this: He wanted what other wheat there was imported from Cana into the United States in bond for exportation, that all of the flo in the bran come in free and not be counted as wheat, but to come free as shorts and bran. I suppose you would not agree with that

Senator LADD. I would not agree with that for a moment at a

Senator SMOOT. In other words, you take 4½ bushels of wheat a whatever the duty may be upon the 4½ bushels that 4½ bus would be reduced in wheat by the amount of the pounds of br and shorts that would come from those 4½ bushels?

Senator LADD. Yes, in other words, 30 pounds out of the 100.

(Senator Ladd thereupon introduced the following statement

WHEAT CONSUMPTION IN THE UNITED STATES.

Did the use of wheat for food in the United States decrease nearly 1 bushel per during the crop year 1920–21 as compared with the average prewar consumpt That is what the statistics would lead us to believe, yet reason is against it. N nomic conditions arose during the year which could have caused such a ma reduction in the consumption from the prewar average, yet an analysis of the stat for the 1920–21 crop season makes it appear that the Nation greatly reduced its diet. But when a proposition runs contrary to reason one naturally turns to l a way out. In this case the way out seems to be the conclusion that there wer where large unaccounted-for supplies of wheat and flour at the beginning of th season, July 1, 1920.

The crop harvested in the summer of 1920 was officially estimated at 78 bushels. Wheat in farmers' hands on July 1, 1920, was officially estimated at 4 bushels, and stocks of wheat and flour in second hands—that is, wheat in and country elevators, and flour, in terms of wheat, at certain centers—wer cially estimated at 103,000,000 bushels; a total of crop and supplies on han beginning of the crop year of 938,000,000 bushels. In addition there wer of 57,000,000 bushels of wheat and flour computed as wheat from Canada dur year for domestic consumption. The total supplies were therefore 995,000,000 b

Exports during the crop year July 1, 1920, to June 30, 1921, were 36 bushels. This, deducted from the supplies, left 633,000,000 bushels for use and carryover on July 1, 1921. The quantity of wheat in farmers' hand date was officially estimated at 54,000,000 bushels, and the stocks in secon were unofficially estimated at 25,000,000, a total on hand of 79,000,000 Deducted from the net supplies of 633,000,000 bushels this left 554,000,000 quantity used for food and seed from July 1, 1920, to June 30, 1921, acc the statistics.

The foregoing is summarized in the following table:

Supplies, exports, and consumption in the 1920–21 crop year.

›p harvested in 1920	bushels..	787,000,000	
farms July 1, 1920	do....	48,000,000	
second hands	do....	103,000,000	
ported during year	do....	57,000,000	
Total supplies	do		995,000,000
ports	do....	362,000,000	
farms June 30, 1921	do....	54,000,000	
second hands	do....	25,000,000	
:ounted for	do		441,000,000
d and seed	do		554,000,000

'n a basis of the official estimate of population of 106,000,000 on January 1, 1921, per capita supplies, taking 554,000,000 bushels as the total for food and seed, e but 5.22 bushels, compared with 6.35 in the 1909–1913 prewar period. The capita supplies for food only, allowing 80,000,000 bushels for seed, were but 4.47 hels. Yet according to a statement by the Bureau of Crop Estimates of the ited States Department of Agriculture, issued during the early days of the war, normal prewar food requirements of the United States, not including seed, were bushels of wheat. That statement by the Bureau also included an estimate of l and seed requirements for 1916–17 of 615,000,000 bushels. Food requirements e put at 540,000,000 and seed at 75,000,000. On a basis of the 1916 population. was 6.14 bushels per capita.

'his compares closely with the requirements for earlier years, as shown in the owing table, which gives the average production of wheat, the exports, supplies rved for food and seed, and the per capita supplies for 20 years before the war:

5-year periods.	Average production.	Average exports.	Supplies reserved.	Per capita supplies.
-1913	690,000,000	105,000,000	585,000,000	6.35
-1908	670,000,000	115,000,000	555,000,000	6.45
-1903	680,000,000	190,000,000	490,000,000	6.30
-1898	590,000,000	170,000,000	420,000,000	6.00

mports of wheat and flour during the years included in the table were unimportant. account is taken of the carry-over of wheat from one crop year to another, for in a e of years the carry-over is equalized, or approximately so. That is, a large or a ll carry-over in any one year is lost in the average.

ll the evidence is against the correctness of the 1920–21 statistics, which show but bushels per capita used for food and seed. The estimate by the Bureau of Crop imates of 5.3 bushels for food only, as a normal requirement before the war, and bushels for food and seed in the 1916–17 crop year; an annual average of 6.35 hels used for food and seed in the 1909–1913 period, 6.45 bushels in 1904–1908, bushels in 1899–1903, and 6 bushels in 1894–1898, based upon official production export figures—all this constitutes an overwhelming mass of evidence against the)-21 statistics of supplies.

et us revise those statistics on a basis of the 1916–17 requirements of 6.14 bushels capita for food and seed. This is a fair basis and below the average of the 15 years eding the war. Taking 6.14 bushels as the per capita requirements, and 106,-000 as the population, the total requirements of the country were 650,000,000 hels. or 96,000,000 more than the 554,000,000 shown by the statistics to have been l for food and seed.

ow, how can this invisible 96,000,000 bushels of wheat be accounted for—invisible ept when a large part of it was exported and so was necessarily recorded at the board.

ecause the demand for flour was dull throughout the country during the early iths of the 1920–21 crop year, it was asserted by some members of the grain trade t consumption had decreased. The statement was made that consumption of eat for the year would show a decrease of 50,000,000 bushels.

'et a decline in the demand for flour did not necessarily indicate decreased con-ıption. It probably meant that hoarded supplies were being used. In fact, it is te certain that the decreased demand for flour was the result of that very con-

dition. During the prolonged period of high prices, up to about August 1, 19[illegible] impression was widespread that wheat would sell at very much higher prices. [illegible] result was that many housewives throughout the country had hoarded a few sa[illegible] of flour. These hoards made up an invisible supply of millions of bushels in ter[illegible] wheat, probably 40,000,000 but hardly 50,000,000; for the latter would mean [illegible] barrel of flour in each of 11,000,000 households.

If this invisible supply amounted to 40,000,000 bushels, this accounts for that [illegible] of the seeming decrease of 96,000,000 bushels in consumption during the 1920-[illegible] year. Yet this still leaves 56,000,000 bushels unaccounted for. Logically, consu[illegible] tion did not decrease that much, nor is there any reason to believe that it decrea[illegible] at all. So this unaccounted-for 56,000,000 bushels of wheat must be looked for [illegible] where, but where? Where was it when the statistics were gathered showing [illegible] amount of wheat and flour on hand on July 1, 1920? The exports included it, b[illegible] there is nothing to show from what invisible source of supply it appeared.

Exports of wheat and wheat flour from the United States, by months and countries, J[illegible] 1920, to June, 1921.

JULY, 1920.

Exported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	To[illegible]
	Barrels.	*Bushels.*	*Bushels.*		*Barrels.*	*Bushels.*	[illegible]
Belgium	106,000	2,650,000	3,129,000	Poland	105,000	....	[illegible]
France	....	5,153,000	5,153,000	United Kingdom	532,000	9,183,000	11,[illegible]
Germany	411,000	1,430,000	3,279,000	Others	1,004,000	2,956,000	[illegible]
Greece	3,000	....	11,000				
Italy	212,000	2,157,000	3,112,000	Total	2,404,000	23,838,000	34,[illegible]
Netherlands	31,000	309,000	447,000				

AUGUST, 1920.

Belgium	77,000	2,356,000	2,705,000	Poland	15,000	....	[illegible]
France	....	3,306,000	3,306,000	United Kingdom	106,000	11,857,000	12,[illegible]
Germany	68,000	632,000	938,000	Others	713,000	6,115,000	[illegible]
Greece	7,000	....	31,000				
Italy	73,000	1,603,000	1,933,000	Total	1,107,000	27,694,000	32,[illegible]
Netherlands	48,000	1,825,000	2,040,000				

SEPTEMBER, 1920.

Belgium	86,000	1,446,000	1,833,000	Poland	9,000	....	[illegible]
France	....	2,670,000	2,670,000	United Kingdom	118,000	15,622,000	16,[illegible]
Germany	107,000	908,000	1,388,000	Others	549,000	2,431,000	[illegible]
Greece	3,000	....	15,000				
Italy	1,000	6,310,000	6,315,000	Total	939,000	30,771,000	34[illegible]
Netherlands	66,000	1,384,000	1,682,000				

OCTOBER, 1920.

Belgium	73,000	1,984,000	2,311,000	Poland	7,000	....	[illegible]
France	....	2,898,000	2,898,000	United Kingdom	212,000	14,401,000	[illegible]
Germany	60,000	1,749,000	2,019,000	Others	1,031,000	5,522,000	[illegible]
Greece	5,000	....	22,000				
Italy	4,000	5,574,000	5,593,000				
Netherlands	215,000	3,675,000	4,642,000	Total	1,607,000	35,803,000	[illegible]

NOVEMBER, 1920.

Belgium	117,000	3,322,000	3,847,000	Poland	7,000	....	
France	1,000	2,344,000	2,347,000	United Kingdom	183,000	4,789,000	[illegible]
Germany	53,000	1,117,000	1,356,000	Others	569,000	7,161,000	[illegible]
Greece	2,000	709,000	716,000				
Italy	7,000	3,523,000	3,553,000				
Netherlands	162,000	3,070,000	3,801,000	Total	1,101,000	26,035,000	[illegible]

xports of wheat and wheat flour from the United States, by months and countries, July, 1920, to June, 1921—Continued.

DECEMBER, 1920.

xported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
	Barrels.	*Bushels.*	*Bushels.*		*Barrels.*	*Bushels.*	*Bushels.*
lgium........	9,000	4,557,000	4,599,000	Poland..........	1,000	....	2,000
ance..........	1,000	3,339,000	3,344,000	United Kingdom..........	61,000	2,083,000	2,358,000
rmany.......	143,000	2,108,000	2,752,000	Others..........	533,000	6,368,000	8,766,000
ece..........	85,000		381,000				
ly..........	....	5,799,000	5,800,000				
therlands.....	119,000	1,643,000	2,177,000	Total.....	952,000	25,896,000	30,179,000

JANUARY, 1921.

xported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
gium........	9,000	2,774,000	2,816,000	Poland-Danzig..	133,000	....	598,000
nce..........	2,000	1,997,000	2,004,000	United Kingdom	193,000	3,382,000	4,248,000
many........	167,000	4,291,000	5,041,000	Others..........	662,000	2,752,000	5,738,000
ece..........	69,000	....	309,000				
ly..........	4,000	5,103,000	5,122,000	Total.....	1,280,000	21,345,000	27,105,000
herlands.....	41,000	1,046,000	1,229,000				

FEBRUARY, 1921.

xported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
gium........	13,000	2,010,000	2,070,000	Poland-Danzig..	53,000	....	240,000
nce..........	1,000	1,610,000	1,615,000	United Kingdom	255,000	4,615,000	5,674,000
many........	104,000	4,098,000	4,565,000	Others..........	462,000	1,665,000	3,733,000
ece..........	75,000	....	339,000				
ly..........	3,000	2,780,000	2,795,000	Total.....	1,024,000	18,469,000	23,075,000
herlands.....	58,000	1,691,000	1,954,000				

MARCH, 1921.

xported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
gium........	8,000	1,581,000	1,616,000	Poland-Danzig..	234,000	....	1,055,000
nce..........	1,000	795,000	799,000	United Kingdom	270,000	1,343,000	2,559,000
many........	252,000	3,129,000	4,262,000	Others..........	387,000	1,755,000	3,498,000
ece..........	135,000	976,000	1,582,000				
y..........	....	3,961,000	3,961,000	Total.....	1,370,000	14,599,000	20,763,000
herlands.....	83,000	1,059,000	1,431,000				

APRIL, 1920.

xported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
gium........	20,000	717,000	805,000	Poland-Danzig..	163,000	8,000	741,000
nce..........	3,000	70,000	84,000	United Kingdom	439,000	7,157,000	9,134,000
many........	242,000	852,000	1,941,000	Others..........	578,000	2,209,000	4,810,000
ece..........	36,000	695,000	857,000				
y..........	3,000	4,246,000	4,259,000	Total.....	1,591,000	17,641,000	24,801,000
herlands.....	107,000	1,687,000	2,170,000				

MAY, 1921.

xported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
gium........	18,000	853,000	934,000	Poland-Danzig..	145,000	120,000	770,000
nce..........	3,000	213,000	225,000	United Kingdom	307,000	8,805,000	10,185,000
many........	182,000	1,923,000	2,742,000	Others..........	461,000	3,184,000	5,265,000
ece..........	1,000	1,533,000	1,537,000				
y..........	3,000	8,119,000	8,131,000	Total.....	1,265,000	25,932,000	31,624,000
herlands.....	145,000	1,182,000	1,835,000				

JUNE, 1921.

xported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
gium........	29,000	2,037,000	2,166,000	Poland-Danzig..	157,000	....	704,000
nce..........	....	....	....	United Kingdom	413,000	5,547,000	7,406,000
many........	200,000	3,290,000	4,189,000	Others..........	554,000	2,698,000	5,196,000
ece..........	....	912,000	913,000				
y..........	4,000	7,949,000	7,967,000	Total.....	1,546,000	25,235,000	32,192,000
herlands.....	189,000	2,802,000	3,651,000				

BISCUITS.

[Paragraph 734.]

BRIEF OF W. A. MELVILLE, REPRESENTING RIDGWAYS (INC.), NEW YORK CITY.

We would respectfully request your due consideration and revision of the [illegible] proposed by the House bill, which reads—

"Biscuits, wafers, cake, cakes, and similar baked articles, and puddings, all [illegible] foregoing by whatever name known, whether or not containing chocolate, nu[illegible] fruit, or confectionery, of any kind, 28 per centum ad valorem."

proposed to take the place of paragraph 194 of the present tariff bill, which reads—

"Biscuits, bread, wafers, cakes, and other baked articles, and puddings, by [illegible] ever name known, containing chocolate, nuts, fruit, or confectionery of any kin[illegible] and without regard to the component material of chief value, 25 per centum ad va[illegible]rem."

The new proposed paragraph makes all biscuits, etc., dutiable at 28 per [illegible] valorem, as against the present duty of 25 per cent ad valorem, only on those [illegible]ing chocolate, fruit, nuts, or confectionery of any kind.

We respectfully submit that the new duty of 28 per cent ad valorem on plain [illegible]cuits is:

(*a*) From a protective standpoint unnecessary, as these imported biscuits are [illegible] in price wholesale than the domestic products are retail. See Schedule A, atta[illegible] showing comparisons between imported biscuits, ex duty, and domestic [illegible] quotations.

(*b*) From a revenue standpoint very little revenue, if any, will be received, as [illegible] new proposed duty would make prices too high to permit imports to compete in [illegible] way with domestic products.

Messrs. Huntley & Palmers (Ltd.) are large buyers of American flour, bein[illegible] largest European buscuit manufacturers, the signer of this having seen in their [illegible] houses at Reading, England, in June, 1921, a floor piled high with flour from Min[illegible]apolis. We submit that any excessive rates of duty would tend to check their [illegible] of American supplies when such rates restrict their business with this country.

The following values of imports (figured at $4 to £1 sterling) show that no [illegible] necessary for protection:

1907	$156,196	1911	$1[illegible]
1908	189,948	1912	10[illegible]
1909	196,900	1913	12[illegible]
1910	134,004	1920	10[illegible]

We respectfully submit, therefore, that the plain kinds should be allowed t[illegible] free of duty as at present.

SCHEDULE A.—*Comparison between quotations of Huntley & Palmers' English bi[illegible] National Biscuit Co., and Loose-Wiles Biscuit Co.*

[Cents per pound.]

Biscuits.	Huntley & Palmers' net wholesale prices, July, 1921.[1]	Loose-Wiles Co. retail prices, June, 1921.[2]	Na[illegible]
Alphabets (H. & P. Kindergarten)	30	....	
Animals (H. & P. Zoological)	37	25	
Arrowroot	42	27	
Albert	40	32	
Butter Thin (H. & P. Butter Finger)	43	30	
Dinner	55	....	
Five O'Clock Tea (Oval Rich Tea)	42	....	
Ginger Snaps (H. & P. Ginger Nuts)	37	16	
Oatmeal (H. & P. Oaten)	43	16	
Petit Beurre	42	32	
Social Tea (H. & P. Social Thin)	35	....	
Soda crackers	30	....	
Sugar Fingers (H. & P. Sugar Wafers)	84	....	
Vanilla wafers	84	....	

[1] Laid down New York, ex duty. [2] Subject to discount of 10 and 15 per cent.

NOTE.—Huntley & Palmers' prices figured at $4 to pound sterling. Comparison covers biscu[illegible] same names put out by all three companies.

APPLES.

[Paragraph 735.]

[ST]ATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

Senator JONES of Washington. The House has put the tariff at 25 [ce]nts a bushel on apples, paragraph 735. As I understand it, the [ta]riff placed on apples by Canada is 30 cents a bushel. I think that [th]ere ought to be an equal tariff. If Canada is going to put 30 cents [a] bushel on apples I think we should have 30 cents a bushel also. [O]urs is the market, of course, that they are very desirous of getting [in]to. It is the big market. The apple growers in our section of the [co]untry have felt this competition very greatly.

Senator SMOOT. Where does Canada raise apples that come in com[pe]tition with yours?

Senator JONES of Washington. To the north of our State they have [a] big irrigation development, north of what is known as the Okano[ga]n Valley, and they produce a great many apples up there.

In the emergency tariff the figure was 30 cents. I suppose you will [ha]ve a general provision in the bill under which, if the tariff is raised [in] any other country and it is deemed wise to have it raised in this [co]untry it can probably be done?

Senator SMOOT. It will if I have my way about it.

Senator JONES of Washington. I hope it will be done. We had a [pr]ovision in the emergency tariff bill with reference to apples, pro[vi]ding that where the tariff on apples of any other country is raised [ab]ove 30 cents, then our tariff would be raised; in other words, so [as] to maintain an equality. That is all our people ask—an equal [ta]riff.

I do not know why the House made it 25 cents instead of 30 cents. [I] talked with Mr. Hadley, our Member on the committee, and he [di]d not remember what the reason was, if there was any special rea[so]n given. Our people want 30 cents, and that is what the Canadian [ta]riff now provides.

BLUEBERRIES.

[Paragraph 737.]

STATEMENT OF EDWIN M. FRYE, HARRINGTON, ME.

Senator HALE. Mr. Chairman, during the last few years the blue[be]rry industry has been taken up extensively in my State, and we are [try]ing to build it up. I have asked Mr. Frye, who is a blueberry can[ne]r from Washington County, Me., to come here and tell you about it. [Th]ey are asking for some raises in the tariff as provided by the [Ho]use, and I will ask Mr. Frye to state the case.

The CHAIRMAN. We will be glad to hear him.

State, for the information of the committee, your full name.

Mr. FRYE. Edwin M. Frye.

The CHAIRMAN. Where do you reside?

Mr. FRYE. Harrington, Me.

The CHAIRMAN. What is your business?

Mr. FRYE. Blueberry canner.

The CHAIRMAN. Will you state to the committee your views the subject? What paragraph of the bill are you addressing yoursel to?

Mr. FRYE. To paragraph 737.

The CHAIRMAN. What is it you want there?

Mr. FRYE. We thought that the rates were not quite enough protection.

Senator SMOOT. You mean the evaporated?

Mr. FRYE. I am talking about blueberries—either in the berry or the canned berry.

Senator SMOOT. Berries, edible, are 1 cent a pound?

Mr. FRYE. Yes. A bushel of blueberries weighs 42 pounds.

Senator SMOOT. That is 42 cents a bushel?

Mr. FRYE. Yes.

The CHAIRMAN. What is it you want?

Mr. FRYE. We think we ought to have 1½ cents per pound inst of 1 cent.

Senator SMOOT. Are they worth $2.40 a bushel?

Mr. FRYE. Yes; they are worth more than that.

Senator SMOOT. How much more?

Mr. FRYE. The berries at the factory are worth about $3.5 bushel.

The CHAIRMAN. Are there many importations of these berries

Mr. FRYE. Well, there are some.

The CHAIRMAN. How many?

Mr. FRYE. Well, the importations ought not be great, becau two-thirds of all the berries that are packed are raised in Mai But there have been some importations.

Senator CURTIS. From Canada?

Mr. FRYE. From Canada.

The CHAIRMAN. Well, how many?

Mr. FRYE. Well, I think perhaps there have been 2 to 10 p cent importation.

Senator HALE. Please explain to the committee about openin the Crown lands.

Mr. FRYE. I was going to say that blueberries in Washingt County, Me., and in fact all over Maine, are sold for the best ber that grow. But there are 29,000 to 30,000 square miles in the State of Maine, bounded by Canada, and the idea in Canada is they are talking of opening up the Crown lands there for blueber In Maine, while the blueberry business is in its infancy here, we started to lay out a lot of money for raising them. In fact, have increased the capacity for raising blueberries 100 per ce the last five years, and they would be a great deal more than th the five years to come, because they have just got to work in shape. But they can raise blueberries in the Crown lands in Can which are near us. Washington County, Me., is bounded by Can where most of the blueberries grow—the whole north and east

Senator SMOOT. Are you a raiser of berries?

Mr. FRYE. Yes.

Senator SMOOT. You are not a manufacturer?

Mr. FRYE. Yes; I both raise and manufacture.

Senator SMOOT. Then I suppose you would want different rates rovided for the canned and preserved berries, would you?

Mr. FRYE. That rate of 20 per cent does not compare favorably ith the rate in 1909, when we had 35 per cent, because the price of lueberries has advanced. In 1909 No. 10 blueberries sold at $4.50 dozen; in 1920 they sold at $9.50, or more than twice as much; at is, the canned berry.

Senator SMOOT. Of course, then, the duty is more?

Mr. FRYE. Yes; but they are not more per cent.

Senator SMOOT. No; but more in dollars and cents.

Mr. FRYE. So we would like to have 25 per cent for the canned ıd 1½ per cent for the raw.

The blueberry growers of Maine have asked me to come before ɔu and to say that because of the outlay of labor and capital there Maine put out to grow blueberries they feel they would have have quite a protection until we get the industry further devel- ɔed than it is at present.

The CHAIRMAN. Have you filed any statement in writing?

Mr. FRYE. I have no brief, but here is a short statement from ısper Wyman & Son, Milbridge, Me.

The raising and canning of blueberries in the State of Maine is almost wholly done Washington County. The approximate sales of canned blueberries for this county r the business season of 1920 was $1,200,000, the product of 11 factories operating ere. There were blueberries also that were shipped fresh to the market in small ıxes packed in crates in addition to the above.

There are two factories in Hancock County and two in Knox County. The output these two counties would be about $240,000. There are blueberries shipped from ese counties in crates for the market, as in Washington County.

The farmers are just learining, in all the above counties, how to cultivate blueberries a large scale profitably, for this reason the production in the State of Maine is creasong each year.

The land used for this purpose is valued according to the quality of the land for ueberry production and also for the extent to which it has been cultivated for this rticular purpose. It varies, therefore, in value from $4 to $100 per acre.

Washington County borders on Canada, where there are quite a good many blue- rries raised, a large part of which come to the United States. The blueberries ere are raised on what is known as "the Queen's land on which no stumpage is arged. To allow these blueberries to be shipped into the United States on a tariff s than the McKinley tariff would be a severe blow to the industry here, an industry st in its infancy on account of the fact that, as above stated, the farmers throughout e sections where the blueberries grow are just learning to cultivate them success- lly. The crop in Washington County is gathered right after the haying season, at time when there is not much else going on. The pickers with their whole families ɔve right onto the blueberry fields and earn enough money there in from four to weeks to stock them up with their winter supplies.

Senator HALE. Mr. Chairman, I would like to state that while the ıty was a cent a quart in 1909 and is a cent a pound now, which nounts to 1⅓ cents a quart, yet the protection afforded is not as eat because the berries have gone up very much since that time. 1909 the price of berries was somewhere around 6 cents a quart, ıd now, as I understand it, you have to pay 8 or 10 cents a quart ıd sometimes more. Is not that true?

Mr. FRYE. The average price for the last three years has been 16 nts per quart, as compared to 6 and 7 cents in 1909.

Senator HALE. So the percentage that is allowed now is not nearly high as it was on the 1909 price, when berries were much lower.

The CHAIRMAN. The committee will give your statement very care- ıl consideration.

CHERRIES.

[Paragraph 738.]

STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SEN- ATOR FROM WASHINGTON.

In the House bill the tariff on cherries is 1½ cents a pound, para- graph 738. I know that our cherry producers think that it ought to be at least 2 cents a pound.

Senator McCumber. That is the way that it is in the emergency bill.

Senator Jones of Washington. Yes.

Senator Sutherland. Is that the maraschino cherry?

Senator Jones of Washington. These are fresh cherries, or cher- ries in brine. Under the existing tariff law, or, rather, under a con- struction of the present law by the department, cherries sent here in brine were, I think, admitted free.

Senator Smoot. Yes.

Senator Jones of Washington. And that worked a very great hardship upon our people.

Senator Smoot. We have it here 1½ cents in brine or fresh.

Senator Jones of Washington. Yes; that is the way the House b[ill] is, fresh or in brine. Our people think the tariff ought to be 2 ce[nts] a pound.

I am just calling it to your attention. It was that way, as you s[ay], in the emergency bill.

Senator McCumber. I think it was raised to 3 cents in the eme[r]- gency bill.

Senator Jones of Washington. They think that 2 cents wou[ld] fairly well meet the situation.

Senator McCumber. Of course, you know that there has bee[n a] great deal of testimony here and there have been very earnest o[bjec]- tions to the increase of the tariff on cherries. You seem to la[bor] under one disadvantage, that you raise too good a cherry out the[re]; it is too big. You do not get near as many to a quart; and there[fore] when you want to put a cherry on the top of a piece of ice cream [or] something of that kind, if they buy a quart of foreign cherries t[hey] can cover so many more pieces with them that they are desirous [of] not allowing you, with your bigger cherries, to force them o[ut of] their smaller ones.

Senator Jones of Washington. I hope that you will help us keep up the size of our cherries.

STATEMENT OF JAMES A. RHEINSTROM, PRESIDENT OF T[HE] RHEINSTROM BROS. CO., CINCINNATI, OHIO.

Mr. Rheinstrom. The proposed tariff, on page 101, paragr[aph] 738, line 12, reads:

> Cherries in their natural state or in brine, 1½ cents per pound; maraschino ch[erries] and cherries prepared or preserved in any manner, 20 per cent ad valorem.

We produce in large quantities maraschino cherries, glacé cher[ries] and assorted glacé fruits, and already find ourselves in a po[sition] where we can not compete with the foreigners who are pa[cking] similar goods, which are entering the United States under [...]

nderwood tariff of 20 per cent ad valorem. This condition exists ith us even with using raw fruit that was purchased by us last ːar before the present emergency tariff was in effect, and that, as ɔu know, provides a duty of 3 cents per pound on cherries in brine, hich duty we continually opposed, but without avail.

As it is the intention of the revised tariff to protect American dustry and labor, we feel it our privilege as well as duty to ask ıat it be so drawn as to fill its purpose.

While the western grower thinks he will be benefited with a tariff ı raw cherries, he is laboring under a delusion, for the majority of e fruit imported is of a size that is not grown on the coast, the reign cherry being smaller, and therefore demanded by certain ade because it can be used to better advantage and more economilly, and if they can not secure from us they will import the finished ticle from abroad. We do, however, sell some larger cherries, nilar to the Royal Anne variety.

During the past summer I have seen some fresh Royal Anne erries offered on the Cincinnati market early in the season at $1 r pound retail, and, later, down to 50 cents per pound. With is condition existing I can see no reason why we, as American anufacturers, should be penalized, when the western grower reives such remuneration from this source, together with the demand r cherries for canning, which is of enormous proportions.

If we must pay duty on raw material it will mean that we will be aced in a position where we can not hope to compete with the reigner in our own market. He will process the fruit abroad and ɔd the finished article to the United States; we will be eliminated, d American labor will suffer through the loss. Thousands now gaged in the industry will be without employment.

To emphasize the point that the small-size fruit only grown abroad demanded by our trade, I am offering a price list, marked "Exhibit " dated February 1, 1921, which was published by one of the stern cherry preservers, in which the following appears:

Ve can also furnish ten to twelve hundred count Italian imported cherries, at 25 per gallon in 50-gallon barrels.

Upon glancing over this price list you will see that the price oted for the Italian imported cherries is higher than any quotan listed for any size of the large domestic cherries. The fact that ɪy are quoted at a higher price certainly is proof positive that competition of the imported raw cherries is not interfering in y way with the profitable growing of fruit on the coast. These lian cherries quoted by the western cherry packer were originally ported in brine, and cured on the coast. Why, then, should any ty be levied on raw material which will simply mean that the ckers will be driven out of business, and their products supplanted the finished cherries which will come from abroad?

The saying "One man's loss is another man's gain," will not work t to the advantage of the westerner, because by having us elimited he will be competing with the foreign packer of the finished oduct, as I said before, and if any gain is to be derived it will be to manufacturer abroad instead of the grower in this country.

It has always been our contention that, aside from the size of the it, insufficient cherries have been raised on the coast to satisfy the

requirements of this country. In evidence of this I am offering a telegram, dated July 6, 1921, which was sent to us by the largest fruit-packing concern on the coast in response to our inquiry for raw cherries, and which reads as follows:

Sorry advise does not look like will be position pack cherries account crop conditions which means shortage all over country. If successful securing necessary stock, etc., will advise but can not give anything definite. We regret these conditions and our inability take care your kind inquiry this instance. Accept our appreciation.

We feel that the tariff should be drawn eliminating the duty of a cent and a half per pound on raw cherries, and should provide for a duty on the finished article of 1 cent a pound and 35 per cent ad valorem, which was in effect under the Payne-Aldrich Act.

We positively need this protection on raw and finished fruit if we are to continue in the business, and not to have our years of work cast aside.

We know that our business is still in its infancy, and if the tariff is revised as we outline, it will be commensurate with our costs, and place American goods in competition with the foreign packed. We have superior articles that are worthy of such protection, that will guard their continued production.

GLACÉ, CANDIED, AND PRESERVED FRUITS.

[Paragraphs 738, 741, 745, 746, 747, 748, and 749.]

STATEMENT OF MARIO NARIZZANO, REPRESENTING THE CAUSSE MANUFACTURING & IMPORTING CO., BOUNDBROOK, N. J.

Mr. NARIZZANO. My name is Mario Narizzano, and I am vice president and general manager of the Causse Manufacturing & Importing Co., of Boundbrook, N. J.

The Causse Manufacturing & Importing Co. is the oldest American packer and manufacturer of glacé, candied, and preserved fruits. The plant of the company is located at Boundbrook, N. J. It pays the American scale of wages and employs between 75 and 100 people throughout the year. In addition to its direct operations the various allied trades are materially benefited, such as sugar refiners, corn products, box and paper manufacturers, American colors, etc.

The tariff act of 1913 seriously menaced all manufacturers of glacé fruits through the reduction of duties from the act of 1909, inasmuch as the larger proportion of glacé fruits were imported from France and Italy. The World War alone permitted American manufacturers to continue operations under the conditions of the act of 1913, because it made impossible the shipment of similar goods from France and Italy.

Senator SMOOT. Do you want the Payne-Aldrich rate, the same as Mr. Rheinstrom?

Mr. NARIZZANO. Yes, 1909.

Senator SMOOT. That is what you want?

Mr. NARIZZANO. Yes.

Senator SMOOT. You may proceed.

Mr. NARIZZANO. During the period of the war American manufacturers were called upon to supply American consumption in its entirety, thus necessitating a very large increase in their production, enlarging of plants, and consequent heavy investment.

The proposed tariff, H. R. 7456, in the various paragraphs covering acé and preserved fruits not only provides no relief, but apparently identical with the Underwood Act of 1913. In effect it practically eans ruin to the American manufacturers, because of the fact that ance and Italy have now resumed their exportations to the United ates, extensive in volume and at prices far below American cost of oduction. For example: French glacé cherries are being imported -day and sold in the American market at a price of about 25 cents r pound, duty paid. This price is at least 7 cents per pound lower an the American cost of production.

In our own case last year, on account of these renewed importations m France and Italy, we were unable to show any profit whatever our business. This year it is even worse, and we can not foresee ything but a substantial loss. It is thus apparent that American unufacturers can not continue to operate if the present or proposed ties are continued effective.

The act of 1913, as well as the preceding acts—1909, etc.—allowed importation of fruits in brine, which is the larger part of our raw terial (and not edible as imported), on the free list. The proposed R. 7456 not only follows the act of 1913 on the finished product, t imposes a further hardship on American manufacturers by placing luty upon fruits imported in brine.

It is thus easy to see that should the proposals of the bill H. R. 56 be enacted into law, including this duty on fruits in brine, the ect upon American manufacturers can not but be totally ruinous.

We protest that there should be any duty on fruits imported in ne. It is very essential to the American manufacturers that they permitted to import their raw material when necessary without burden of a duty, which immediately creates a material hardship to cost of production.

t is our recommendation, in which we believe we have the hearty port of every American manufacturer of glacé fruits, that the nimum duty on all glacé and preserved fruits be placed at 1 cent pound and 35 per cent ad valorem. In making this request of r committee we are merely asking that you reestablish the duty provided in the act of 1909, paragraph 274. We trust that the gment of your committee may give us even a greater measure of tection, because of the marked difference in costs and conditions between 1909 and the present time.

I. R. 7456, as at present written, seemingly presents marked ortunities for misinterpretation. Its division of paragraphs is arently full of ambiguities. Conflict is bound to follow. Under R. 7456 our industry is apparently spread out throughout numer- paragraphs, 738, 741, 745, 746, 747, 748, and 749 all applying. act of 1913 covered the subject fully and clearly under one para- ph (217), while the act of 1909 did likewise (paragraph 274). We estly petition your committee that all glacé fruits, preserved or ked in sugar or having sugar added thereto, or preserved or ked in glucose, molasses, spirits, or their own juices, be covered er one paragraph.

it should be the decision of the committee that it is essential for d or revenue purposes that a duty be imposed on the importation ruits in brine, then we earnestly petition that a further differ-

ential be established which will give the American manufacturer protection equivalent to the amount of such duty on fruits imported in brine.

In conclusion, gentlemen, I wish to add my emphatic indorsement to the remarks of Mr. J. A. Rheinstrom, of Cincinnati, made at the hearing yesterday afternoon. On account of the lateness of the hour when Mr. Rheinstrom was heard, I fear that some of the effectiveness of his testimony may have been impaired. All of us who import cherries in brine for the manufacture of glacé cherries and cherries in sirup (so-called maraschino cherries) believe our situation is one calling for the earnest support and consideration of your honorable body. American production is totally inadequate, and it is in fact impossible to purchase for this purpose more than a very small percentage—less than 10 per cent—of the needs of the country. Pacific coast cherries are largely sold as fresh fruit. I wish to call your attention that the normal consumption of the United States of this commodity—imported in brine—not edible as imported—75,000 barrels. The proposed H. R. 7456 rate of 1½ cents on cherries in brine is in effect a duty of 3 cents per pound to American manufacturers of glacé or sirup cherries, as the pits, stems, shrinkage and sundry losses practically double the rate of duty. We again request that your committee place fruits in brine on the free list, as it is a raw material necessary.

CURRANTS.

[Paragraph 742.]

STATEMENT OF J. E. BRAND, REPRESENTING THE W. H. MARV[...] CO., URBANA, OHIO.

Mr. BRAND. I am here in place of Mr. Charles Brand.

Senator LA FOLLETTE. What paragraph do you speak on?

Mr. BRAND. I am speaking on paragraph 742, and the subject [...] currants. At least 99 per cent of the currants are imported, a[nd] for that reason I would judge that the duty is one for revenue sole[ly]. There are about 15,000 tons of currants imported into the Unit[ed] States a year, taking an average of over 10 years; and it does [not] seem we will be able to import that many if the duty is made [...] cents. About the only thing we are directly in competition wi[th], we might say, is raisins, and they have only placed a duty of 2 ce[nts] a pound on raisins; and it seems unreasonable when raisins are t[he] chief competitor of currants that a competitor should be charg[ed] 2½ cents and damaged in the business that would be done, and [at] the same time it seems to me there has been overlooked an oppor[tunity] to protect an industry in the United States, that of clean[ing] currants, which is one that amounts to $4,500,000 a year, in [not] making the duty higher on cleaned currants coming into the Unit[ed] States than it does on the uncleaned or original. These curran[ts] come in here in a dirty condition, and we pay duty not alone on t[he] currants, but on the dirt imported with the currants. Many tim[es] we have tried to have relief from that and ask that we would [be] allowed a percentage that would mean 3½ per cent, which is wha[t we] clean out of the currants. So that we not alone are paying 20 [...] per cent ad valorem duty in 2½ cents, but we would be paying 3 [...]

at besides on the dirt imported, which, of course, we can not sell, at least we ought not to.

The increase in duty would produce increased revenue of $300,000 to e United States, provided we were able to import the same quality of rrants we have heretofore. But I doubt that we will be able to. the present time the ad valorem duty amounts to 20 or 30 per cent, t if we go back to prewar conditions on both raisins and currants, we ll have a price of 4 to 6 cents a pound on them, and then the ad lorem duty would be so great as to make it prohibitive, for you can idily see that at a price of 4 cents, deducting 2½ cents would not leave ything for the freight or for the currants hardly. We have never d a higher duty than 2 cents a pound on currants, and it does not m there is any reason to-day for making any detrimental increase in ty to prohibit the use of currants in this country. There are a eat many people here who want currants, and inasmuch as they are t grown in this country—at least not in any degree that would be ficient at all—I understand they have sold some 30,000 pounds year in California, but no one has been able to get hold of any nples, and we do not know whether it has been done. Burbank ed to grow currants in California; he produced them in Florida d warmer climates and acknowledged them a failure.

We would like to see a higher duty on cleaned currants than there on the uncleaned, as a protection to an industry that has been ilt up here, because over there we have these same labor conditions at you have all heard of in great quantity here on every subject of import nature; and we have these same troubles to compete with, d where people want currants—we have a great many people come re from England and who come here from Greece who are used to ving currants, and they want them, and I can not see that we have y reason for making it hard for them to obtain them, and we have e industry here and ready to take care of this business.

Gentlemen, I have come as a substitute for Mr. Charles Brand, and as called by phone from Pittsburgh last night, and I am here without any data and information, and I would like to submit a brief.

The CHAIRMAN. That will be satisfactory to the committee.

LEMONS AND ONIONS.

[Paragraphs 743 and 768.]

STATEMENT OF FREDERICK W. GEIGER, NEW YORK CITY.

Mr. GEIGER. I reside in New York City, and my name is Frederick Geiger. I appear in the place of Mr. Lippmann, who was sudnly taken sick and could not be here. I would like to file se two memoranda on the subject of lemons, covered in paraph 743, and onions, covered in paragraph 768.

Senator McCUMBER. The briefs will be printed.

BRIEF OF THE NEW YORK FRUIT EXCHANGE.

he New York Fruit Exchange does not oppose the tariff duty of 2 cents a und on lemons, as provided in the emergency tariff bill and the proposed permat bill as passed by the House of Representatives, because of hostility to the wers of lemons in the State of California.

he membership of the New York Fruit Exchange represents all branches and ments of the wholesale fruit trade.

majority of the members of the exchange derive their principal revenue from ling in California fruits. Thus self-interest alone, if no patriotic or other higher

motive, would restrain them from taking or recommending any action which w be detrimental to the interests of the California producers.

The New York Fruit Exchange is opposed to the increase in the tariff duty fro cents a box (approximately one-half of a cent a pound to 2 cents a pound, or appr mately $1.50 a box) because of a conviction that such an increase is unwarra that as long as such a law remained in force it would give to the California gro a monopoly of the traffic in lemons in the United States; that the effect of su monopoly would be to give to the California producers and operators an oppor to manipulate the market at will, thus compelling consumers to pay inordin high prices for lemons, or go without them; and that lemons being a necessity not a luxury, no action should be taken by the Government to artificially rai price of them.

The New York Fruit Exchange opposes a duty of 2 cents a pound, too, beca a belief that in the long run it will prove to be disastrous to the California prod themselves. It will create false hopes founded upon a mistaken sense of securit lead to speculation in land at advancing prices, thus adding to the already too hi cost of production and provoking resentment upon the part of the masses of the peo which in time will find expression in reprisals.

This is not merely a theory. One need but read the tariff history of our cou to perceive that such an unstable thing as a rate of duty is a dangerous founda for a great industry. The folly of erecting a tall and heavy structure on a foundat of sand is proverbial.

What is the history of the tariff on lemons?

Roughly speaking, the California lemon industry is hardly 30 years of age. In brief period of time the rate of duty has been changed five times.

Setting the period of the beginning of the industry as a commercial fa second administration of President Cleveland, say 1892, we find the duty scribed in the Wilson bill the equivalent of about 30 cents a box. The ind grew slowly at first, but steadily. In 1897, after the inauguration of President M ley, Congress undertook a general revision of the tariff.

Representatives of the California industry petitioned for a duty of 1 cent a p When the tariff bill known as the Dingley bill passed both Houses of Congr carried a duty on lemons of three-quarters of 1 cent a pound.

The industry flourished, as is shown by the yearly increased output. T porters of lemons and dealers in fruits throughout the United States adjusted business to the new conditions and accepted the matter as settled. There w thought of asking for a repeal of the provision of the bill or of a restoration former low rate. But it soon appeared that the California growers were not In the year 1909, after the inauguration of President Taft, there was another of the tariff. The Californians, apparently emboldened by their former asked that the duty on lemons be increased to 2 cents a pound. They did all they asked for, but the duty was substantially increased. It was doubled Payne-Aldrich bill was passed, which fixed the rate of duty at 1½ cents a po the equivalent of about $1.15 a box.

The Californians were warned that reprisals would follow, but they disregard warnings and went ahead as if the matter were settled for all time. Some thre later there occurred a great disaster. A cold wave of unprecedented intens duration swept over the citrus-fruit producing sections of California and the crop was practically destroyed. Then it was that the fruit trade of the coun observing consumers learned the effect of high tariff duties. Lemons were im but in no such quantities as they would have been had the operations of the im not been restrained and limited by the excessive duty. Lemons sold cons above the normal prices. Consumers whose incomes permitted them to do lemons. They grunted, but they paid the price. Those who could not pay t went without lemons. Congress met. The Democratic Party was in contr was another revision of the tariff; this time it was downward. In the Und bill the duty on lemons was fixed at 35 cents a box. The protests of the interests were unavailing. Dire predictions were made as to the destructi industry. But let us see what actually resulted. In the season of 1913- carloads were shipped. The next season the shipments were 6,851 carlo 1915–16 the shipments rose to 7,200 carloads. The maximum was reached season of 1918–19, when 10,923 carloads were shipped. These figures repres the shipment to points within the United States. In the same period there steady growth in the export business. In the season of 1913–14, 70,075 bo exported. In the season of 1918–19 the export shipments reached a total boxes.

Here we have evidence of a healthy growth, yet the spokesman of the Cal growers would have us believe that unless protected by a tariff of at least 2 pound the industry will be ruined.

n a brief of the California Citrus League, which was submitted to the Ways and ans Committee of the House of Representatives (p. 1937 of the hearings on general iff revision), it is stated that—

'The bearing lemon acreage in California was largely planted as a result of the nulus that followed the tariff duty of 1½ cents per pound in 1909, when the Citrus otective League promised * * * that if given the protection asked for, Califor- would supply the entire lemon demand of the country. The 33,000 acres of ring trees, which now more than supply the requirements of the United States, re therefore planted before the duty was reduced to one-half cent per pound in 3, and as a direct result of the encouragement given by the higher rate."

'his statement merits examination, especially as to two important particulars. elve years ago a duty of 1½ cents per pound was found to be sufficient stimulus encourage an enormous increase in the acreage planted to lemons. This being a t, why is it now necessary to raise the rate to 2 cents a pound?

'he other particular in which the verity of the statement is challenged by recent erience is the assumption that the promise made in 1909 that if given protection he extent of 1½ cents per pound "California would supply the entire lemon demand the country" has been fulfilled. To refute this assumption one need but recall trend of the prices for lemons during the period extending from the latter part of month of May in the present year to the latter part of the month of July. A warm ve in the interior of the country which moved east and spread over a vast area, ated the usual hot-weather demand for cooling drinks. It came at a time when wholesale trade had few lemons in stock and only insignificant quantities of foreign ons were in transit, because the fear of the passage of the emergency tariff bill l restrained the importers from making their customary spring contracts. What s the result? The prices leaped upward in jumps of $1.50 to $2.50 a box at each cessive auction sale. At the crest of the wave, some California lemons sold at ction in New York City above $15 a box. Prices ranging from $10 to $12.50 a box re common.

Such imported lemons as were received also sold at the highest prices within the mory of present-day operators. The prices ranged anywhere from about $7 to 1.50 a box according to quality and condition. And the retail prices soared in npany with the wholesale prices. Consumers were compelled to pay from 75 cents $1.25 a dozen.

California was clearly unable to supply the demand. The prices did not recede normal levels until lemons were received from the Mediterranean, which the high ces had encouraged the trade to import.

At present (Aug. 29, 1921) California lemons of fancy grade are bringing $5 a box, d those of choice grade are selling up to $4.50 a box in the New York auction rooms. the last sale of imported lemons, which was held on August 25, the prices ranged m about $2.50 to $3.50 a box, according to quality and size.

n the entire period extending from June 1, 1921, to July 18, 1921, when the demand lemons was greatest, there were sold in the city of New York only 40 carloads out 16,000 boxes) of California lemons, all rail shipments, and 30,800 boxes which re shipped by water by way of the Panama Canal. One of these cargoes, which sisted of 10,000 boxes, sold at auction at an average price of more than $10 a box.

Additional facts and figures almost without limit might be cited in refutation of the im that a prohibitive duty is needed to save the lemon industry of California from inction, but enough has been submitted to prove conclusively that the industry grown enormously in comparatively few years and that no further protection is ded. But despite the conviction that the lemon industry of California is strong ugh to stand alone without any protection at all in the way of a duty on imported ons, the New York Fruit Exchange does not ask for a removal of the duty, nor n for a restoration of the rate of 35 cents a box as provided by the Underwood iff bill. As a whole, the members of the New York Fruit Exchange believe in the nciple of protection to home industries and they regard the imposition of tariff ties upon imports from foreign countries as a proper source from which to procure revenue needed to defray the necessary expenses of government. Hence they ieve that the duty on lemons may properly be raised, but that it should not be sed so high as to exclude imports and compel our own people to pay extravagant ces. They believe that the principle of protection should be extended to the sses of consumers and that it should not be limited to a selected few in favored lustries. In their opinion the duty on lemons should not be raised above the equiv- nt of about 75 cents a box. This rate of duty would afford ample protection and couragement to the growers of California while making it possible to import lemons m the Mediterranean without great hazard at times when the production of Cali- nia should be found to be inadequate to supply the demand.

BRIEF OF THE NEW YORK FRUIT EXCHANGE AND ASSOCIATED ORGANIZATIO[illegible]

LEMONS.

Paragraph 220 of the act of 1913 is as follows:

"Lemons, limes, oranges, grapefruit, shaddocks, and pomelos in packages [illegible] capacity of 1¼ cubic feet or less, 18 cents per package; in packages of capacity exc[illegible] ing 1¼ cubic feet and not exceeding 2½ cubic feet, 35 cents per package; in packag[illegible] exceeding 2½ and not exceeding 5 cubic feet, 70 cents per package: in packages [illegible] ceeding 5 cubic feet or in bulk, one-half of 1 cent per pound."

Lemons can not be classed as a luxury, nor as merely a pleasant article of a civili[illegible] dietary. They are a necessity. In the treatment of febrile disorders and other f[illegible] of sickness, they are indispensable. Nothing should be done to deprive the consu[illegible] of such a wholesome and necessary article of diet, of medicine, and toilet, or in[illegible] nately to raise the price.

The traffic in imported lemons furnishes employment to thousands of our citi[illegible] and is a source of no inconsiderable revenue to the Government of the United Stat[illegible]

There is current a great deal of misinformation as to the cost of importing lem[illegible] So much has been said in the past as to pauper labor, that the labor cost of produc[illegible] in foreign countries is erroneously regarded as an infinitesimal item. Yet the fa[illegible] that in Sicily, where virtually all the lemons imported into the United States [illegible] grown, wages have risen fully 300 per cent above the rate paid before the late wa[illegible]

The proximity expense of delivering a box of lemons from Sicily to the port of N[illegible] York is as follows:

Lighterage in Sicily	$0[illegible]
Freight (3 shillings 8 pence)	[illegible]
Insurance	[illegible]
Duty, fees, etc., 35 cents a box, plus an ad valorem duty of 15 per cent on the shooks, when of foreign manufacture)	[illegible]
Wharfage, about	[illegible]
Cooperage, average	[illegible]
Total	1[illegible]

The present depreciated foreign currency is not an advantage to the foreign shipp[illegible] for they buy what they need at home with depreciated currency, and are compel[illegible] to pay in gold for the shooks, paper, nails, and fertilizer, which they import from o[illegible] countries.

The expense of delivering a box of lemons from Sicily to the port of New Yor[illegible] shown to be $1.48 exclusive of the cost of the fruit. But high as it is this amount [illegible] not represent the cost of delivery to the average dealer who supplies the consum[illegible] To ascertain this cost, there must be added the shipping charge at the port of N[illegible] York and the freight from New York to the interior destination. The center of p[illegible] lation may be stated roughly to be at Indianapolis, Ind. The rate of freight on lem[illegible] from New York to Indianapolis is 87½ cents per 100 pounds, which is the equiva[illegible] of 72 cents a box. The shipping charge at the port of New York varies from a minim[illegible] of 7 cents a box for lightering, to a maximum of 25 cents a box for cartage from o[illegible] docks. Placing the average charge at the low figure of 10 cents a box, it will be [illegible] that the expense incurred in delivering a box of lemons from Sicily to the cente[illegible] population in the United States is $2.30, exclusive of the cost of the fruit.

Sicily, as stated in the foregoing, is virtually the sole source of imports of lem[illegible] Following is a table showing the volume of importations for a period of eight year[illegible]

	Box[illegible]
July 1, 1912–13	2,07[illegible]
July 1, 1913–14	2,3[illegible]
July 1, 1914–15	2,2[illegible]
July 1, 1915–16	1,4[illegible]
July 1, 1916–17	1,3[illegible]
July 1, 1917–18	1,2[illegible]
July 1, 1918–January, 1919	31[illegible]
Calendar year 1919	1,0[illegible]
Calendar year 1920	1,41[illegible]

The price of imported lemons varies according to the season. It is regulat[illegible] the law of supply and demand. The lowest price is equivalent of about $1.50 an[illegible] highest price the equivalent of $5 a box f. o. b. Sicily. Reckoning over a per[illegible] years, the seasonal average cost is about $2.50 f. o. b. Sicily.

Other elements besides price enter into the equation. The importer must tak[illegible] consideration the hazards of an ocean voyage and the probable market fluctua[illegible]

etween the date of purchase and the date of arrival at the port of entry into the nited States.

The domestic production of lemons has not languished for want of a high protective riff. As a matter of fact and of record, the industry has shown a steady and healthy rowth.

The following table shows the annual shipments from California during the periods ated:

	Carloads.		Carloads.
912–13	2,192	1916–17	7,914
913–14	2,954	1917–18	6,331
914–15	6,851	1918–19	10,923
915–16	7,200	1919–20	9,029

In the period from 1912 to about 1917 a carload consisted of 312 to 336 boxes. In he later periods the average car contained 404 boxes.

Until the year 1912, practically, all the lemons grown in the United States were onsumed in this country. In the year 1912 the exports became of sufficient volume o warrant the compilation of statistics. The growth of the export business is shown y the following table:

	Boxes.		Boxes.
912–13	81,949	1916–17	174,938
913–14	70,075	1917–18	138,351
914–15	122,914	1918–19	304,351
915–16	175,070	1919–20	276,519

Appended hereunto is a statement showing the high and low prices realized for mported and California lemons in the city of New York during the period extending from January 1, 1920, to December 31, 1920.

The fruit trade of New York City is in no sense hostile to the protection and encouragement of domestic industries through the imposition of tariff duties on articles of foreign manufacture. They believe in the principle. But they feel that tariff duties should not be raised so high as to exclude foreign commodities altogether, thus depriving the Government of revenue and imposing unwarranted burdens of taxation upon the consuming public. They believe that if the present rate of duty on lemons were increased, say, 50 per cent, it would afford ample protection to the domestic producer and make it possible to import sufficient lemons to supply the wants of our people in periods of scarcity caused by the partial, or complete, failure of the domestic crop. Should an excessive rate of duty be imposed, there would be no importations at all in normal domestic crop years, and the importations in the years of domestic crop failure would be so limited in quantity as to deprive the consumers at large of lemons, for the prices under such conditions would rise so high as to place the fruit beyond their reach.

The imposition of a prohibitive duty on lemons would also be unjust to a friendly nation, and the principle of excluding the products of other countries through the medium of excessive tariff duties might invite reprisals which would seriously menace our growing foreign trade.

A tariff of 2 cents per pound as a minimum rate would be absolutely prohibitive and would be an increase of approximately 400 per cent on the present duty. At this point the attention of the committee is called to the fact that west of the Mississippi River, where there are no auction sales of lemons, buyers have to pay the price asked for California lemons, and the freight rate from New York makes it impractical in that section of the country to purchase Sicily lemons.

Attention is also called to the fact that recently about 2,500 boxes of California oranges and lemons were sent via the Panama Canal to Philadelphia, and the lemons were reported to have arrived in a very satisfactory condition, and, in fact, better than the oranges. If this method of transportation proves successful, there will be quite a saving in the freight as compared with all rail.

Reference has been made to the fact that the year 1920 was a prosperous one for growers of Sicily lemons, but it was anything but prosperous for importers, whose losses were heavy and continuous, for the tabulation annexed hereto shows clearly the small prices obtained for Sicily lemons and part below the cost price. Among the many charges not heretofore referred to may also be mentioned shipping charges, varying from 7 to 25 cents per box, and brokerage of 10 cents per box if bought at auction.

So far as the tariff is concerned, it is understood that the only desire is to produce revenue, but at the same time it is not believed that that desire to produce revenue extends to the point of prohibiting importations entirely, because if importation is prohibited, clearly there is no revenue from the tariff.

Our attention has been directed to an alleged statement that the cost of produ[illegible] California lemons is $4.57 delivered in New York, while the average selling pric[illegible] period of 16 years has been $3.92. It needs no argument to show that this can no[illegible] correct, because no one can believe that in 16 long years business would be don[illegible] completely at a loss, and if it were true, what is to be said of the statements o[illegible] representatives for California that the production of lemons has increased, w[illegible] promise of production equal to 7 million boxes?

Following is a statement of the prices obtained in 1920, which shows clearl[illegible] the prices for California lemons were greater than those obtained for Sicily lemons

Weekly prices of California and Sicily lemons, calendar year 1920.

Week ending—	California lemons.				Sicily lemons.			Remarks.
	Number of boxes.	Number of cars.	Prices. High.	Prices. Low.	Number of boxes.	Prices. High.	Prices. Low.	
1920. Jan. 1-10	1,600	4	$5.45	$0.50	....	....	....	
17	....	....	....	....	20,700	$4.12½	$2.00	5,700 boxes frozen cargo, $0.[illegible] $1.50.
24	....	....	....	....	11,700	4.50	2.25	All in storehouse.
31	....	....	....	....	....	....	....	
Feb. 7	....	....	....	....	11,000	6.00	4.87½	
14	1,600	4	7.00	2.88	....	....	....	
21	5,600	14	7.20	4.25	13,000	5.00	3.25	
28	3,200	8	6.80	5.20	....	....	....	
Mar. 6	8,400	21	6.85	2.35	32,000	4.87½	1.87½	
13	10,400	26	5.65	1.80	30,000	3.50	2.00	
20	6,000	15	4.05	2.00	32,000	3.62½	1.80	
27	3,600	9	4.05	2.00	43,000	3.30	1.25	Some balances down to $1.
Apr. 3	2,000	5	4.25	2.50	51,750	3.10	1.45	
10	400	1	3.75	2.25	25,250	2.90	1.55	
17	400	1	4.88	3.25	....	....	....	Strike week.
24	800	2	8.61	2.25	50,000	2.80	1.55	
May 1	1,600	4	5.00	2.00	....	....	....	
8	2,100	5	5.38	1.91	86,500	3.10	1.05	
15	800	2	4.13	2.75	70,125	3.35	1.20	One lot $3.40, one lot $3.60.
22	800	2	2.38	1.25	70,000	3.05	1.20	Wasty down to 40 cents.
29	1,600	4	5.00	.60	48,700	4.12½	1.15	Wasty down to 50 cents.
June 5	1,200	3	5.30	.88	36,000	5.00	.65	33,750 boxes cooked cargo—be[illegible] to $1.60, others 90 cents t[illegible] cents, wasty 30 cents.
12	3,600	9	5.63	.85	57,000	5.00	1.00	15,000 boxes cooked cargo—[illegible] abandoned, wasty 60 cents
19	5,000	12½	4.25	.60	42,000	5.20	1.20	Wasty down to 65 cents.
26	5,200	13	3.20	.30	40,000	4.65	1.85	One lot $5.05, wasty down [illegible] cents.
July 3	300	¾	3.45	1.20	69,500	4.35	1.25	One lot $5.20, one lot $4.90, w[illegible] down to 25 cents.
10	2,100	5¼	5.00	.40	37,300	4.35	.50	Wasty down to 35 cents.
17	1,600	29	4.23	.45	13,000	3.35	.70	
24	8,000	20	3.00	1.11	30,000	2.90	.25	
31	1,600	4	3.75	1.50	29,000	3.20	.40	Wasty down to 25 cents.
Aug. 7	125	⅓	4.25	3.00	34,000	3.55	.55	Wasty down to 15 cents.
14	2,000	5	5.00	3.50	25,000	3.50	1.40	
21	3,600	9	5.00	.95	47,000	4.15	.60	Some abandoned.
28	4,000	10	4.13	.40	22,000	3.85	.50	One line $4.20.
Sept. 4	4,800	12	3.88	.40	....	....	....	
11	4,000	10	5.38	.30	....	....	....	
18	8,800	22	4.38	.60	....	....	....	
25	6,000	15	3.88	.65	4,500	2.65	.60	
Oct. 2	4,400	11	3.88	.30	12,500	2.65	.60	
9	800	2	4.63	2.25	....	....	....	
16	....	....	....	....	18,000	5.65	.70	
23	2,800	7	7.50	2.25	....	....	....	
30	6,000	15	6.38	1.50	9,000	4.75	1.50	Wasty down to 95 cents.
Nov. 6	14,800	37	4.88	1.60	....	....	....	
13	15,200	38	3.50	.50	....	....	....	
20	9,600	24	3.50	1.10	7,000	2.25	.25	
27	6,000	15	3.60	1.50	11,700	2.87½	.80	Two lots $4.12½, one lot $[illegible] lot $3.25, one lot $2.12½.
Dec. 4	7,200	18	3.95	1.35	2,200	3.00	1.65	
11	4,400	11	4.00	1.35	....	....	....	
18	6,000	15	4.15	2.05	....	....	....	
25	8,200	8	4.00	2.97	....	....	....	
31	6,800	17	4.95	2.15	30,000	2.70	1.55	

ONIONS.

nions: Paragraph 208 of the act of 1913, 20 cents per bushel of 57 pounds. No nge in rate is desired. An endeavor will be made in a brief way, to outline reasons y an increase in the present tariff on Spanish onions would completely eliminate commodity from being imported into this country. The quantities imported ing the past few seasons are as follows:

	Crates.
-15 (40,907 cases)	454, 519
-16 (72,218 cases)	527, 266
-17 (176,931 cases)	1, 310, 939
-18 (239,799 cases)	1, 092, 229
-19 (275,370 cases)	1, 035, 475
-20 (304,285 cases)	1, 102, 024
-21 (10,378 cases, 22,211 half cases)	73, 981

would be well to note how small the importations of Spanish onions compare the domestic crop. Nevertheless, it amounts to a very large percentage of the l quantity which Spain exports.

uring the seasons of 1916-17 and 1917-18 Spain exported the following quantities:

	Crates.
-17 (2,409,685 cases)	1, 135, 219
-18 (1,526,090 cases)	1, 112, 029

is country purchased all the crates and a large portion of the cases.

e average crop of domestic onions in the United States for the year 1918 was 0 cars and for 1920 it was 28,000 cars, at an average of 600 bushels per car, and ld thus equal 16,800,000 bushels for 1920 and 21,000,000 for 1918. This com-on is illuminating.

word might be said on the increased cost of Spanish onions during the period ring the last four or five years. Experienced labor could be secured at one time pain for 2 pesetas, or 40 cents a day. This has increased to 4 pesetas and in some icts to 5 pesetas per day. The cost of packing has increased 100 per cent, as well e freight from Spain to New York. We are paying 4½ pesetas per case at the nt time, while previous to the war we frequently secured rates of 1½ pesetas per (pesetas figured at 20 cents each). Labor, packing, etc., has increased in the same ortions.

anish onions are easily recognized by the American trade inasmuch as they are ys packed in crates and cases and never in bags. The only foreign onions packed gs are the Egyptians, but these onions do not cut any figure as they only come when the market is very strong and when there is a scarcity of both Spanish and stic onions in this market. From statistics we find that the largest importations yptian onions were made during the season 1920, the total amount being 75,000 of 100 pounds each.

it were only a question of looking out for the interests of the United States, we d without a doubt agree to an increase of the tariff—that is, if only the American r were to be considered—but we must not forget the effect that the increased would have on the American public, as well as upon our foreign friends.

s well to bear in mind that Spain, which, it is true, was a neutral country during var. supplied great quantities to our troops, and in some districts of Valencia e these onions are grown such heavy demands were made that the Spanish public the sufferers.

w, if we are in turn going to show our appreciation for what they did for us by ving them of an outlet for a large quantity of their goods, it will produce a ncy to shun us in some way or other.

may be here noted what Mr. Arthur N. Young, trade commissioner, writes in the entitled "Spanish Finance and Trade," Special Agents Series No. 202. In ssue he calls our attention to the necessity of creating a demand for American in Spain, and points out the wonderful strides American goods have made in since 1914. If we are to hold this trade, which is an essential one, certainly we do something in the reciprocity line.

nkly speaking, it would be suicide for the onion growers to attempt to pay an ased duty over what they are at present paying.

ere is another good reason why the tariff should be reciprocal, and that is that Spanish onions do not conflict in any way with the domestic, owing to the ent qualities of the onions, it protects the consumer from paying fabulous prices as occurred in 1916. In that year it is distinctly remembered that a com-e of women stormed the city hall in New York City protesting against the high

prices of domestic onions. This was due to the fact that domestic jobbers [illegible] to corner the market. Nothing was accomplished in the way of reducing [illegible] the public until the Spanish onions arrived in the market, and when this [illegible] the domestic jobbers were forced to do the proper thing and supply the [illegible] onions at fair prices.

It might be well to add something regarding the quality of Spanish onions. [illegible] onions are very large and contain a considerable amount or water, and for this [illegible] it is the only onion that might be called "sweet," and are seldom if ever [illegible] cooking purposes. Since Spanish onions are of such a superior quality to the [illegible] they are largely used for a different purpose. Spanish onions are so large [illegible] packers are able to classify them by sizes and pack them in crates containing [illegible] 72 onions, size of the crates being the same. The onions are also packed in [illegible] according to size; the larger sizes being packed in cases containing four onions [illegible] tier and the smaller ones five to a tier. The weights of the different size [illegible] are as follows:

	Gross pounds.	[illegible]
Crates	48	[illegible]
Half cases	76	[illegible]
Cases	150	[illegible]

The duty is paid at the rate of 20 cents per bushel of 57 pounds, which figures [illegible] approximately: Crates, 15 cents; half cases, 22 cents; cases, 45 cents.

One more fact might be pointed out, and that is that "necessity is the mother [illegible] invention." This statement is made because one of our members, Mr. A. Boera [illegible] Boera Bros., the largest importers of Spanish onions, who imported during the [illegible] of 1919-20 some 347,000 packages, states that while in Spain during the war [illegible] impossible for the United States to supply Spain with cotton, Spain being the [illegible] largest buyer of cotton from the United States. Due to this condition Spain [illegible] thinking very seriously of planting cotton in the most suitable section of Spain [illegible] happens to be in the Valencia district where the onions are now grown. There [illegible] question but that cotton can be grown in Spain, but it would be rather a hard [illegible] tion to change the mode of a country from one industry to another. If we are to [illegible] a higher tariff on onions Mr. Boera fears it will cause the Spanish Government [illegible] again reconsider the possibilities of taking up cotton growing. Should this be the [illegible] our country would be deprived of the import duty on onions and also of an outlet [illegible] our cotton.

England, during the war, very foolishly refused Spain quantities of coal, and [illegible] result has been that Spain was forced to drill for coal in her own country. Spain [illegible] therefore, during the war increased its coal production from 1,000,000 to 7,[illegible] metric tons, and from recent reports it will be only a question of time when Spain will be able to supply its own needs.

As in the case of domestic growers, Spanish growers were forced to take very [illegible] losses in America due to the fact that the elements play such an important part [illegible] this commodity. For instance, in all seasons from 1917 to the present one not [illegible] shipper made any money in shipping onions to the United States. To substantiate this fact, the books of any one of the Spanish onion importers are open to inspection, and under these circumstances what will be the result if an increased duty [illegible] effect?

The Spanish onions do not in any way conflict with the Texas onions, as it has been stated that "Texas onions arrive in the New York market between April and [illegible] and then the Northern States supply the onions." Statistics show that it is [illegible] seldom that Spanish onions are imported during July, so that prices of Spanish [illegible] do not in any way conflict, at least with Texas onions.

From information obtained we understand that domestic onions can be delivered to railroad station for $1.40 per 100 pounds. Figuring that if the freight [illegible] imported onions was half of the railroad charges on 100 pounds, the Spanish [illegible] ers would be losing money at $1.40 per 100 pounds delivered on steamer. Entries at customhouse will substantiate these facts.

BERMUDA PRODUCTS.

Potatoes: Paragraph 581, act of 1913, duty free.

Onions: Paragraph 208, act of 1913, 20 cents per bushel of 57 pounds.

It is respectfully urged on behalf of the merchants doing business with Bermuda [illegible] that no change be made in the tariff on potatoes, onions, and other vegetables [illegible]

om Bermuda. A very large percentage of the Bermuda crop is shipped to the New 'ork market at a time when there are practically no new potatoes or onions grown in ıe United States and ready for shipment, and, consequently, the shipments from ermuda do not in any way interfere with crops of new potatoes and onions grown in ıe United States.

Attention is called to the fact that these new potatoes and onions, as well as early egetables, have been grown especially for the New York and other large markets in ıe United States for the past 20 years or more; and coming forward at a time when ıch goods can not be grown in the open fields of this country, it is therefore necessary r the receivers here in the United States to look to Bermuda for their supplies of new otatoes and onions.

The total shipments of new potatoes, onions, and vegetables from Bermuda to the nited States each season are very meager and limited as compared with the production of such goods grown in this country, and the bulk of the Bermuda shipments rives on the New York market between December 1 and April 1.

The approximate output of potatoes for the last eight years has been 153,000 bushels er annum, although at times the output has been between 100,000 and 125,000 bushels er annum.

Attention is also directed to the fact that the bulk of the seed, fertilizer, containers, ıd other materials required in the growing and shipping of these crops from Bermuda iginates in the United States and is shipped to Bermuda for the sole purpose of owing and shipping these crops to the United States markets.

In this connection it is interesting to note that, according to the Department of ommerce statistics, during the 10 months ended October, 1920, the exports from the nited States into Bermuda amounted to $3,320,338 and imports from Bermuda into ıe United States amounted to only $1,532,428, making a trade balance in favor of ıe United States of $1,789,910.

GRAPEFRUIT.

[Paragraph 743.]

TATEMENT OF JAMES D. POTTS, GLEN RIDGE, N. J., REPRESENTING ISLE OF PINES CITRUS FRUIT GROWERS.

Mr. Potts. Mr. Chairman and gentlemen of the committee, I repesent the citrus-fruit growers on the Isle of Pines. I am also engaged ı the industry there as a grower. I desire to present, if I may, for onsideration by your committee, a brief statement giving reasons 'hy an increased duty on grapefruit is not required for protective urposes, and should the amount in the new tariff bill stand it would e nonproductive as a revenue measure, for it would act as an emargo. This conclusion is based upon our experience in marketing ur grapefruit last season.

The present duty on grapefruit is 35 cents per box, less 20 per cent rovided in the reciprocity enactment, which reduces the amount to 8 cents per box. The duty of 1 cent per pound which the new 'ordney bill would impose on grapefruit amounts to about 70 cents er box.

Senator Smoot. Where do you live?

Mr. Potts. Glen Ridge, N. J.

Senator Smoot. You sell grapefruit? Do you import grapefruit om the Isle of Pines?

Mr. Potts. No; I am a grower there.

Senator Smoot. You are a resident of the United States?

Mr. Potts. Yes, sir.

Senator Calder. You are a citizen of the United States?

Mr. Potts. Oh, yes.

Deducting the 20 per cent reciprocity, the proposed rate is reduced o a duty of 56 cents per box, thus making an increase of 28 cents per ox above the present duty cost.

Last season it cost me, in freight, duty, boxes, picking, packing, packing materials, hauling to the docks, and selling charges. $4.2 per box, laid down to the buyer in New York City.

The highest average price obtained in the New York market for an entire orchard crop was $4.85½ per box, leaving a margin of 64 cents per box, against which must be charged the cost of fertilizer and labor applied on the orchard, and these charges in the best bearing groves will run above 65 cents per box, and in the young bearing orchards it will cost above $1 per box to grow the fruit.

In view of the high cost of transportation, fertilizer, and labor and other materials we will not be able to take on this additional duty charge. If the increase remains in the bill we feel we will have to quit growing grapefruit, and sacrifice our investments. The investments, in some instances, reach large figures. Mr. F. C. Stephens manager for the Federal Printing Co., of New York, has an investment of over $100,000 in a grapefruit orchard. Last season Mr. Stephens did not break even, as will be observed in his statement herewith submitted.

We have gone through the hard struggles of the pioneer, and we do not want to be forced to give up.

We hold that a duty on grapefruit is not needed for protective purposes, for the following obvious reasons: Last season Florida shipped 4,549,950 boxes of grapefruit. The Isle of Pines shipped 164,2 boxes of grapefruit, Cuba shipped about 45,000 boxes, and Jamaica shipped about 20,000 boxes; making a total of about 229,249 boxes of grapefruit coming in from outside points.

Senator CALDER. Are grapefruit raised in other places in the country besides Florida?

Mr. POTTS. California raises some, but not to a large extent. Porto Rico, which is an American possession, raises grapefruit.

The bulk of this 229,249 boxes of outside fruit is shipped in August, September, and early October, before Florida begins to ship in quantities. Thus it will be seen that our small quantity of fruit, most which is shipped before the Florida fruit is ripe, can have no influence whatever upon the grapefruit market. In fact, the Isle of Pines shipped but 11,412 boxes of grapefruit in the months of November and December last, which are the months of heavy shipments from Florida.

Last season the freight charges from the Isle of Pines via Key West to New York were $1.82½ per box. By water route via Habana the rate was $1.23½ per box. From the Isle of Pines to Chicago the rate was $1.71 per box.

Fully two-thirds of our crop last season was shipped at the $1. and $1.82½ per box rate.

Florida paid from Tampa to Chicago, $1.07½ per box as against the Isle of Pines rate to Chicago of $1.71 per box, giving Florida market advantage of 63½ cents per box. Adding the present duty of 28 cents per box increases this advantage in favor of Florida the Chicago market to 91½ cents per box. Adding the proposed increase in duty of 28 cents per box would advance the Florida shippers advantage in the Chicago market to $1.19½ per box.

About half our shipments to New York last season were sent the way of Key West at the $1.82½ per box rate, therefore the avera

te paid for delivery in New York from the Isle of Pines was $1.53 r box.

The maximum rate paid by Florida shippers to New York last ason was from the Miami shipping point, which was $1.26½ per box. om Palmetto on the west coast the rate to New York was $1.08½ r box last season. From interior points the price was considerably wer.

Desiring to be conservative and fair in our statement, we have lected for comparison the maximum rate paid by the Florida ippers. By striking an average the rate last season from Florida New York was about $1.17½ per box as against the average rate New York from the Isle of Pines of $1.53 per box, which gives the orida shipper a market advantage in New York of 35½ cents per x in freight rate alone. To this add the present duty of 28 cents r box and the amount totals 63½ cents per box market advantage favor of the Florida shipper. If the duty be increased an additional cents per box, it would raise the rate to 91½ cents per box, which nount the Isle of Pines grower must pay to lay his fruit down in ew York in excess of what the Florida shipper would pay.

We hope in the future to obtain freight concessions. So does orida. So does the country generally. That, however, would ange only the rate amounts and the Isle of Pines grower would ill have to pay proportionately the same higher rate. The big ctor, the duty, would still remain.

We ship our fruit to the West, Middle West, and East in about ual quantity, therefore we will always have to pay in excess of the orida shipper the amount of the charges from the Isle of Pines to ey West.

Besides, we pay $15 per ton more for fertilizer than Florida growers y. We buy our boxes in Florida and, of course, pay the delivery arges on them. These items together with other supplies, implements, etc., which are all purchased in the States and upon which duty must be paid, will bring our cost up to at least $1 per box in cess of what Florida pays to lay the fruit down in the New York arkets.

Further, the wholesale fruit merchants do not care to handle the le of Pines grapefruit when the Florida grapefruit is ready for marting. Their business interests naturally lie with the Florida owers, who give them between four and five million boxes of grapeuit annually, as against the outside growers, who can give them it two to three hundred thousand boxes all told, but a small quanty of which is available after the Florida crop begins moving.

We wish to state that we are not foreigners. We are American tizens. Over 90 per cent of the entire Isle of Pines is owned by mericans. I do not know of a single native on the island who is gaged in fruit growing.

Our investments up to the present will reach at least $2,000,000.

We have established American churches and schools and employ merican teachers and support them entirely with our own money.

We have established an American bank, and American money rculates there just as it does in the States, also an American newsaper. An American-owned steamship line operates between the le of Pines and the island of Cuba. Also a small line operates irect between Tampa and the island. At our own expense we have

built bridges over the small rivers and streams, and have constructed good roads leading into every section of the island. We have taken in the automobile, auto truck, and tractor. In short, we found the Isle of Pines a wilderness, so to speak, and the Americans have made it a progressive, up-to-date American community.

The strategic importance of this American-settled island in relation to the Panama Canal is fully understood.

In area the Isle of Pines is about two-thirds the size of the State of Rhode Island. On the west side of the island there is a bay about 15 miles long and 10 miles wide, into which ocean-going steamers can enter.

The members of your committee, of course, know the history of the Isle of Pines, how Americans became interested and made investments there.

The constitution of Cuba was made under the provisions of the Platt amendment. And the sixth article of the amendment reads: "The Isle of Pines shall be omitted from the constitutional boundaries of Cuba, the title thereto being left to future adjustment by treaty." No treaty as yet has been voted upon.

The Paris treaty reads "Spain cedes to the United States, Porto Rica and the other islands in the West Indies, excepting Cuba."

Gen. Pershing, in a communication addressed to Mr. George Bridges, Carlisle, Pa., dated War Department, Washington, D. C. August 14, 1899, stated:

SIR: Referring to your communication of the 10th instant soliciting information respecting the Isle of Pines, I am directed by the Assistant Secretary of War to advise you that this island was ceded by Spain to the United States and is therefore part of our territory, although it is attached at present to the Division of Cuba for Governmental purposes.

JOHN J. PERSHING,
Assistant Adjutant-General.

Secretary of War Root, in a message to Gen. Wood, dated Washington, May 16, 1902, used these words:

It is understood by the United States that the present Government of the Isle of Pines will continue as a de facto Government, pending the settlement of the title of said island by treaty pursuant to the Cuban constitution and the act of Congress of the United States, approved March 2, 1901.

In view of these facts, which explain the actual status of the island territory, we feel that we are justified in asking your committee to recommend the elimination from the present bill of the proposed increased duty on grapefruit.

(The witness submitted the following letters:)

NEW YORK, *August 25, 19..*

Mr. J. D. POTTS, *New York City.*

DEAR SIR: Your letter of the 22d instant duly received.

In reply would state that we can see no reason why there should be a duty placed on grapefruit. The bulk of the grapefruit grown in the Isle of Pines and Cuba comes into the market before the Florida fruit is ripe, the remainder being held on the trees until spring, when the Florida fruit is out of the way; therefore there is no competition with the Florida product.

Further, the quantity of grapefruit grown outside is infinitesimal as compared with the millions of boxes grown in Florida.

We handle our share of the Isle of Pines grapefruit every season, also we handle the Florida grapefruit, therefore in our opinion there is no interest served in placing a duty on grapefruit.

Yours, very truly,

FREDERICK OPOLINSKI

NEW YORK, *August 27, 1921.*

J. D. POTTS, *New York City.*

)EAR SIR: Replying to your letter of the 22d instant, beg to advise you that we idle every season a considerable quantity of grapefruit grown both in the Isle of ies and Florida.

nasmuch as the Isle of Pines fruit begins arriving in the market about six weeks to months ahead of the Florida product, their interests as a consequence do not con-t. Besides, the Isle of Pines practically stops shipping after the Florida fruit ins to come to the markets.

'herefore a tariff levy is not needed for the protection of grapefruit grown in the tes.

Yours, very truly,

THE CURRAN, ROBERTSON CO. (INC.).

NEW YORK, *August 8, 1921.*

J. D. POTTS, *Washington, D. C.*

[Y DEAR MR. POTTS: As requested, I am inclosing the statement giving the statis- on the number of cases sold and the net operating loss for the year 1920.

trust this will help you in your quest.

Yours, very truly,

THE UPLAND CITRUS FRUIT CO.
B. BERNARD, *Secretary.*

Upland Citrus Fruit Co. profit and loss statement, Jan. 1, 1920, to Dec. 1, 1920.

pefruit sales	$102,060.45		
nge sales	383.00		
Total sales		$102,443.45	
s—			
Commissions on sales	7,836.15		
Freight, duty, etc., on sales	45,623.05		
		53,459.20	
Net sales		48,984.25	
imated receipt from Snow & Co		1,000.00	
			$49,984.25
king and packing expenses:			
Crates	9,437.00		
Crate making	769.91		
Labor in packing house	2,011.42		
Packing fruit	2,137.16		
Picking fruit	3,913.46		
Trucking from field	783.63		
Trucking to dock	2,201.32		
Wraps	2,871.00		
Labels	204.93		
Manager's salary	577.00		
		24,906.83	
wing cost:			
Ditching	918.40		
General expense	757.95		
Fertilizer	13,158.87		
Fertilizer, labor	237.55		
Ground labor	3,134.85		
Insurance—			
Fire	87.50		
Liability	136.04		
Mule expense	721.76		
Truck	1,362.26		
Manager's salary	1,711.00		
Pruning	1,098.07		
Spraying	1,712.34		
Tractor expense	1,812.02		
Repairs	569.34		
Wagon expense	34.40		
		27,455.35	

General expense:			
Organization expense	$42.95		
Note interest	49.19		
Depreciation	3,289.18		
		$3,381.32	
		55,743.50	
Other income:			
Interest bank balance	73.44		
Discount on purchases	41.97		
		115.41	
Net expense			$55,62
Net loss			5,64

OLIVES.

[Paragraph 744.]

STATEMENT OF H. C. NEWCOMB, REPRESENTING THE SPANIS GREEN OLIVE IMPORTERS' ASSOCIATION.

Mr. NEWCOMB. Mr. Chairman and gentlemen, in submitting brief statement for the Spanish Green Olive Importers' Associatio with reference to paragraph 744, olives, attention is called to t fact that most of the members are packers and importers of su olives, to whom those olives are raw material imported in bulk be bottled and put into small packages for consumers. The indust has been long established in the United States.

For further data as to the importance of the industry in conjun tion with allied industries supplying materials which go to make the finished product, we refer to the briefs filed with the Committ on Ways and Means of the House of Representatives, published pages 1616 to 1618 of the hearings on tariff revision, and also to t brief which we file with your committee.

In equity, in the amount of revenue received, and in the questi of protection, this association claims that the rates of duty on Spani green olives should not exceed on green olives in brine 15 cents gallon.

We submit that a greater amount of revenue would accrue to t Government if the rate of duty were kept at 15 cents per gallo There is no American industry able to furnish either of the variet of green olives we import, hence none to protect. No ripe olives imported from Spain.

We claim that the proposed protection to the California ripe-ol industry is unfair to our American industry and to consumers.

Under the proposed duty of 20 cents per gallon on plain olives t ad valorem equivalent is 42¾ per cent of the value of the gre Spanish olives, as an average, for the last 10 years. To this shou be added an advantage which the California packers of ripe-ol have on the finished product in the difference between eastbound a westbound freight rates in carloads of 40,000 pounds, between t Pacific coast and New York, and vice versa, making a total advanta of about 68 per cent in duty and freight rate advantages.

This comes from the fact that if the California people send to Ne York a carload of 40,000 pounds of finished product it costs $1. more to send them from California to New York than it does to se the same car back. That is, per hundred pounds.

Senator CURTIS. Let us say, for instance, that there is no duty. you imported your olives, where could you meet them on freight :es?

Mr. NEWCOMB. The difference amounts to 6.5 cents per gallon. e present duty has existed for about 25 years. It has been 15 its per gallon. We are perfectly satisfied with that. We have :n able to meet competition. We do not claim that it should be ced on the free list. We are perfectly willing to pay what has :n paid, but when they attempt to raise it, to make this increase, think it is unfair. We do not want to evade the payment of a :y.

Senator CALDER. The present duty is 15 cents a gallon?

Mr. NEWCOMB. Under the emergency tariff bill it is 25 cents. For ny years it was 15 cents.

The California ripe-olive packers do not need such high protection. ey neither need nor deserve it. The Spanish and the California es are distinct. California does not produce green olives; Spain s not produce ripe olives for import into the United States.

The Spanish green-olive industry, as conducted by the American kers, both needs and merits protection against the excessive claims California producers and packers.

Taking the importations in seven months, from February to August, usive, in 1920, as an illustration, when the importations amounted 3,094,704 gallons, according to trade statistics, and comparing m with the corresponding seven months in 1921, when the impor-ons amounted to about 1,841,000 gallons, according to the same le statistics, the falling off in importations amounted to about 61 cent.

There must be a greater reason for such a decline than the general ression in all lines of business at this time. It is to be found in the gedies from ripe California olives during the last two years, the st being a case in Greensburg, Pa., in June last, when three persons their lives. The wide publicity given to the various cases ughout the country is said to have destroyed confidence in Cali-ia ripe olives as a safe food product, and according to the trade nal of that industry has cost a loss of 90 per cent of their trade. The publicity given did not make plain that Spanish green olives not—by reason of the different method used in preserving them—e poisoning of any kind, there has grown up a fear among con-ers of olives as to the safety of all olives, and we are led to the f that of the 61 per cent reduction in the importation of Spanish n olives during the last seven months at least 30 per cent of that ine is to be attributed to the general fear of olives as a food.

Senator CURTIS. How do you know that there was a falling off of er cent?

Mr. NEWCOMB. I was told so by the secretary of the California e Association.

Senator CURTIS. Do you claim that was because of the increased r on the merchandise?

Mr. NEWCOMB. We claim that 30 per cent of that falling off was to these poison cases.

Senator CURTIS. Then how do you account for the small importa- in 1919?

Mr. NEWCOMB. Because there was no demand for them; we could not sell them.

Senator CURTIS. Why couldn't the same argument be made at th time?

Mr. NEWCOMB. I do not get the question.

Senator CURTIS. Would not the same argument apply at this time that is, that this reduction in importation might be brought about b the fact that there was no demand at this time?

Mr. NEWCOMB. We can make a demand once we can make the con sumer understand that this is a safe olive. That is the problem. T do that we shall have to advertise nationally.

Senator McLEAN. Did I understand you to say there is no marke for the green olive?

Mr. NEWCOMB. The business has fallen off 90 per cent.

Senator McLEAN. On the green olive?

Mr. NEWCOMB. No, sir; the ripe olive.

Senator McLEAN. Of course, they are green some time.

Mr. NEWCOMB. They do not pick them at that time.

Senator McLEAN. Why is not the California olive marketable i the green stage?

Mr. NEWCOMB. It has not the size of the Spanish olive. E perience has taught that it is impossible to cure and keep them.

Because of this falling off, from no fault of the green olives, a the double advantage to the California packers and producers in t inequitable freight rates and the proposed duty of 20 cents p gallon, we claim that protection is merited by the American pack of Spanish green olives rather than a protection to the Californ interests.

In considering the amount of revenue probable from future i portations of Spanish green olives, the falling off of 61 per cent importations during seven months of this year seems to be signi cant.

That difference, taking the imports for the seven months of 1 at the duty rate of 15 cents per gallon then existing and for the se months of this year at the proposed rate of 20 cents per gall amounts to nearly $100,000, as shown by the figures submitted.

A tabulation is also presented herewith, as referring to the fr advantage, compiled from recent rates obtained from the Inters Commerce Commission.

By fixing the rate of duty where it has been for many years un the approval of your committee at 15 cents per gallon, we believe t customs officials may conservatively estimate an income of clos $1,000,000 per year from Spanish olive importations, once norm times are restored, as against the average income for the last 10 ye of $500,000.

BRIEF OF H. C. NEWCOMB, REPRESENTING THE SPANISH GREEN OLIVE IMPORTERS' ASSOCIATION.

In submitting this brief, attention is called to the fact that most of the me are packers and importers of such olives, to whom those olives are raw materia ported in bulk to be bottled and put into small packages for consumers. The try has been long established in the United States.

For further data as to the importance of the industry in conjunction wit industries supplying materials which go to make up the finished product, we re the briefs filed with the Committee on Ways and Means of the House of Repres tives, published on pages 1616 to 1618 of "Hearings on Tariff Revision," and a the brief filed with your committee.

ı equity, in the amount of revenue received, and in the question of protection, association claims that the rates of duty on Spanish green olives should not exceed ents per gallon. We submit that a greater amount of revenue would accrue to Government if the rate of duty were kept at 15 cents per gallon. There is no rican industry able to furnish either of the varieties of green olives, hence none rotect. No ripe olives are imported from Spain.

e claim that the proposed protection to the California ripe-olive industry is unfair ır American industry and to consumers.

nder the proposed duty of 20 cents per gallon on plain olives, the ad valorem valent is 42¾ per cent of the value of the green Spanish olives as an average for ast 10 years. To this should be added an advantage which the California packers pe olives have on the finished product in the difference between eastbound and bound freight rates in carloads of 40,000 pounds between the Pacific coast and York, and vice versa, making a total advantage of about 68 per cent in duty freight advantages.

portations of Spanish green olives, February to August, inclusive, 1920 and 1921.

[Compiled from trade statistics.]

	Gallons.
ortations in 1920:	
13,263 casks of 160 gallons	2,122,080
20,263 barrels of 48 gallons	972,624
	3,094,704
rtations in 1921:	
About 8,500 casks of 160 gallons	1,360,000
About 8,500 barrels of 48 gallons	480,000
	1,840,000

nce, a falling off in importations during the seven months indicated of 61 per from 1920.

e California ripe-olive packers do not need such a high protection. They neither nor deserve it. The Spanish and the California olives are distinct. California not produce green olives; Spain does not produce ripe olives for import into nited States.

e Spanish green-olive industry as conducted by the American packort both and merits protection against the excessive claims of California producers and rs.

ing the importations in seven months from February to August, inclusive, in s an illustration, when the importations amounted to 3,094,704 gallons according le statistics, and comparing them with the corresponding seven months in 1921, the importations amounted to about 1,841,000 gallons according to the same statistics, the falling off in importations amounted to about 61 per cent.

re must be a greater reason for such a decline than the general depression in all of business at this time. It is to be found in the tragedies from ripe California during the last two years, the latest being a case in Greensburg, Pa., in June when three persons lost their lives. The wide publicity given to the various throughout the country is said to have destroyed confidence in California ripe as a safe food product, and, according to the trade journal of that industry, has loss of 90 per cent of their trade. As the publicity given did not make plain Spanish green olives can not (by reason of the different method used in preg them) cause poisoning of any kind, there has grown up a fear among consumers es as to the safety of all olives, and we are led to the belief that of the 61 per nt reduction in the importation of Spanish green olives during the last seven s at least 30 per cent of that decline is to be attributed to the general fear of olives od. Because of this falling off from no fault of the green olives, and the double tage to the California packers and producers in the inequitable freight rates e proposed duty of 20 cents per gallon, we claim that protection is merited by nerican packers of Spanish green olives rather than a protection to the California interests.

onsidering the amount of revenue probable from future importations of Spanish olives, the falling off of 61 per cent during seven months of this year seems to nificant.

: difference, taking the imports for the seven months of 1920 at the duty rate ents per gallon then existing, and for the seven months of this year at the prorate of 20 cents per gallon, amounts to nearly $100,000, as shown by the accomg tabulation.

Tabulation is also presented herewith as referring to the freight advant[illegible] piled from recent rates obtained from the Interstate Commerce Commission.

By fixing the rate of duty where it has been for many years under the [illegible] your committee, at 15 cents per gallon, we believe the customs officials [illegible] servatively estimate an income of close to $1,000,000 per year from Span[illegible] importations, once normal times are restored, as against the average incom[illegible] last 10 years of $500,000.

The Spanish Green Olive Association most respectfully presents th[illegible] and figures for your wise consideration.

California olive packers' advantages over American packers of Spanish green [illegible] present freight rates, as confirmed by the Interstate Commerce Commission [illegible] 1921, on finished products; and in the proposed rate of duty on Spanish gr[illegible] of 20 cents per gallon.

[All-rail and Gulf routes, per 100 pounds. In 100 pounds there are net 18.18 gallons [illegible]

	Eastbound, in cars of—		Westbound, in cars of—		Difference, in favor of California, in cars of—		Advantage to [illegible] per gal. By freight.		B[illegible]
	40,000 pounds.	80,000 pounds.	40,000 pounds.	60,000 pounds.	40,000 pounds.	60,000 pounds.	40,000 pounds.	60,000 pounds.	40,000 pounds.
							Cents.	Cents.	[illegible]
San Francisco to New York	$1.42	$1.20½							
New York to San Francisco			$2.58¾	$1.83½	$1.16¼	$0.63	6.41	3.46	3.[illegible]
Plus 45½ per cent for gross gallons, at 10 pounds, instead of net gallons at 5½ pounds							5.24	2.83	[illegible]
							11.65	6.29	

The net figures are calculated upon the standard of 5½ pounds of olives to the gallon, as taxed [illegible] officials; but in shipping 10 pounds are counted as a gross gallon, taking in the brine and pa[illegible] it is necessary to increase the "Advantages to California packers" in freight by 45 per cent [illegible] the real benefit accruing to the disadvantage of Spanish green-olive packers.

Ad valorem equivalents.

[For the last 10 years the average value of Spanish green olives has been 46.77 cents per gallon [illegible] average rates of exchange. The proposed duty of 20 cents per gallon is equivalent to 42.76 [illegible] the value of the olives per gallon.]

	California's advantages in freights, in cars of—		California's [illegible] vantages [illegible] and in the [illegible] duty, in ca[illegible]	
	40,000 pounds.	60,000 pounds.	40,000 pounds.	[illegible]
	Per cent.	Per cent.	Per cent.	P[illegible]
At the net gallon advantage of 6.41 cents	13.70		58.[illegible]	
Plus the gross gallon advantage, including brine and package	11.20		11.[illegible]	
	24.90		67.[illegible]	
At the net gallon advantage of 3.46 cents		7.40		
Plus the gross gallon advantage, including brine and package		6.05		
		13.45		

A high rate ad valorem on finished food products is 40 per cent But Spanish green olive[illegible] are a raw material to the American packers, and in reason they should be taxed at less than [illegible] ad valorem.

PINEAPPLES.

[Paragraph 746.]

STATEMENT OF VICTOR ELTING, REPRESENTING THE WEST INDIES FRUIT IMPORTING CO., CHICAGO, ILL.

Mr. ELTING. I shall make a brief statement with regard to the prosed duty on fresh pineapples, as provided in paragraph 746.

We have no concern in the latter part of that provision, which has do with canned pineapples, and no concern in the first part, so far it refers to the tax upon pineapples in bulk.

I am counsel for the West Indies Fruit Importing Co., which is a icago corporation representing an investment of something over 000,000, and the stock of which is held entirely in Michigan, Wisısin, and Illinois.

It distributes and sells the majority of fresh pineapples that are ısumed by the public in the United States.

I have also been asked by a dozen or more of manufacturers of tes—pineapple crates—to appear and file their names with the nmittee as indorsing the suggestions which I should like to make.

What we want is a change in the method of imposing this tariff and eduction in the amount of the tariff to not more than the present y under the Underwood bill.

First, as to the method——

Senator McCUMBER. What is the provision of the Underwood bill?

Mr. ELTING. It is on a different basis, and provides for 6 cents per ic foot of the capacity of the barrels or crates; and in bulk for per thousand.

The proposed provision, which I assume you have before you, is much per individual piece of fruit.

Now, as to the method, the three-quarters of a cent on each piece ruit. That is a novelty in the history of the imposition of duties n pineapples. No such method was provided in any previous ff bill. It seems to me that it is obviously an error, and is based n misunderstanding or failure to understand the pineapple trade.

n the sale and distribution to jobbers and dealers of pineapples in East, the crate is the unit, both in the importation from Cuba and sale of Porto Rican and Florida pineapples. The crate is of a ıdard, uniform size, used universally in the entire trade. The ıapples contained in the crate are themselves uniform in size, so ıs each crate is concerned, that is, the larger sizes—what are known 18s—come in crates of standard size, containing 18 pineapples. n in 24s there are 24 pineapples; and so it goes up to 36s and 48s. y are known in the trade as 18s, 24s, 36s, and 48s. As I say, in ven crate each one is of the same size.

he tariff of so much per pineapple increases the tariff inversely to value of the contents, and a crate of 48s would pay twice as much y as a crate of 24s. In the market, however, a crate of 24s is th 30, 40, and even 50 per cent more than a crate of 48s, in spite he fact that it contains only half as many pieces of fruit.

Senator DILLINGHAM. Why is that?

Mr. ELTING. Because the public likes the larger sizes. You untand that this fruit about which I am speaking is distributed ıughout the entire United States.

Senator CURTIS. And the crates are of the same size but the pi apples are smaller—that is the point?

Mr. ELTING. Yes; that is the point. They are not only of su stantially the same size, but they are absolutely of the same siz The 18s are separated and put in crates, and the 24s are treated i the same manner.

This fruit of which I am speaking is distributed and sold throug out the United States as a highly perishable fresh table fruit. It consumed by the householders and, of course, to a certain extent restaurants, and to a very large extent canned by housewives for u in the family as desert out of season.

Senator CURTIS. There is a pretty steady trade. I notice t importations have run about the same for the last two years.

Mr. ELTING. The crop matures in April, May, and June of ea year. While the public absorbs the entire offering of pineapples, the greater bulk, or the larger percentage, of the crop, in fact alm the entire crop, is consumed and distributed during the months April, May, and June.

There are about 1,200,000 crates of fresh pineapples distribut and sold in the United States in a year, and of those over 1,000 come from Cuba.

The Florida output for the past year was about 40,500 crates the Porto Rican output about 160,000 crates; so that of the 1,200, over 1,000,000 come from the island of Cuba. These three distri produce the only fresh pineapples that are sold in the United Sta

Senator CURTIS. We do not get any from the West Indies Isla and Central and South America?

Mr. ELTING. No. The Hawaiian crop, on account of distance, to be canned and is sold as canned fruit. That comes under a spe provision with which we are not concerned.

I should say also, in passing, that this proposed tariff law does distinguish between pineapples in barrels and pineapples in bulk

Senator McLEAN. Just what do you want?

Mr. ELTING. We want the method changed to the old method we want the rate reduced to not more than the old rate.

Senator DILLINGHAM. Have you written your proposal?

Mr. ELTING. I have, but if I may I should like to present facts which affect this country. One other suggestion and I be through.

The Cuban crop of pineapples paid the steamship companies transport the pineapples from Cuba—you understand they a American-owned steamship companies, including the car ferry w comes to Key West, and which is owned by the Florida East C Co.—$323,200 in transportation charges during the season of 19

The American railroads that hauled the crop were paid $86 You will understand that each individual piece of pineapple is wra in paper and packed in the crates. Paper, crates, and nails are chased from American factories. The amount paid for crates $467,000; paper, $115,000; and for nails, $30,000.

This crop, being distributed all over the United States, is greater or less extent, a part of the business of jobbers and dea throughout the entire country; and, of course, the public is concer because, as I say, the consumption is household consumption.

Reverting for a moment to this method of so much per pineapple, should have said that this would involve an excessive cost in adinistration, as pineapples come in during the busy season in large ulk, sometimes running as high as 25,000 to 30,000 crates per day, Key West. This would involve tabulation of the individual pieces of neapples brought in. I do not mean counting each crate. Under ie present system, all that is necessary is to count the number of ates. Taking the time to count these 25,000 or 30,000 crates under ie new method would make a great deal of difference. This is a ghly perishable fruit, which must be rushed. It is but a question a few days and it decays in transit. This tabulation at the point entry would involve a delay at least of another day, which is a ghly important factor to consider.

Very briefly, the history of the tariff is that pineapples were free in 90. There was a 20 per cent ad valorem rate in 1894. In 1897 e present method which is now in force was adopted, the rate being cents per cubic foot. In 1909 that was raised to 8 cents per cubic ot, which amounted to about 20 cents per crate on the size of the en crate, which was larger. The Underwood bill provides for 6 nts per cubic foot, which applied to the present size crate, someiat smaller, makes the tariff at present 11.76 cents per crate.

The proposed tariff of three-quarters of a cent on each pineapple read over the 1921 season and averaged on all sizes, would make an erage duty of 25.6 cents per crate, as opposed to 11.76 cents, which w obtains.

I wish to impress upon the committee that there is no real American lustry to protect in this matter. In 1909, when this tariff was ised, Florida was making a very strenuous effort to engage in the ieapple industry, and for the next few years produced a large iount of pineapples. It was done through intensive cultivation the soil, which was not naturally adapted to the production of ieapples. Production then began to fall off. In 1910 it was less in one-half, and then, with certain temporary rises, it has since adily gone down until it dwindled last year to only 70,500 crates. is year, as I have said, it dropped to 40,500 crates.

Senator CURTIS. Could you give us the average number per crate?

Mr. ELTING. Per crate?

Senator CURTIS. Yes; the average number.

Mr. ELTING. Thirty pineapples.

Porto Rico has had much the same history. At one time they iduced as much as half a million of crates of pineapples. That has indled to about 160,000 in the present year. That is due, as in case of Florida, to the fact that the soil is not adapted to their iduction. They are likely to have killing frosts. On the east st of Florida frosts have in times past killed in certain sections the ire crop.

n Porto Rico, so far as I am advised—I can not speak with hority on that—the soil is not adapted to it. Labor conditions, an freight, and everything else in Porto Rico is practically the same n Cuba. The outstanding fact is that the growth of fresh pineiles has dwindled.

The business on the present basis this year has been unprofitable the Cuban growers. I say this bearing on the question as to ether this industry will stand an increase in tariff. The cost of the

pineapples laid down on the dock in Habana, under the most fav- able circumstances, is little less than the prices which we have be able to get for them. That is due to the fact that they have to p- more for crates, paper, etc., in the United States, owing to the co- ditions here, and to the fact that railroad freights have gone up ve- largely—I think about 40 per cent—in the last four years, and lab- over there has gone up.

This year was a very disastrous year to certain growers. Othe- came out even, and a few made a profit.

This proposed tariff would involve a very substantial increase a- would be discouraging rather than encouraging to an industry whi- affects the United States in a business way, as I have indicated. an- also affects the household consumption. I will say that there business enough for all, for Florida, Porto Rico, and Cuba. T- public absorbs what is offered. The prices have gone down about per cent this year over last year; that is, what the public has to pa-

May I have the privilege of filing a brief?

Senator McCUMBER. You may file a brief, and it will be printed a part of your remarks.

BRIEF OF VICTOR ELTING, REPRESENTING THE WEST INDIES FRUIT IMPORTI- CO., CHICAGO, ILL.

The West Indies Fruit Importing Co., of Chicago, Ill., importer of Cuban p- apples, on behalf of its stockholders, its customers, and the consumers of fr- pineapples throughout the United States, and American manufacturers of supp- connected with such industry, presents the following statement with regard to proposed tariff:

PROPOSED DUTY.

Paragraph 746 of H. R. 7456 is as follows: "Pineapples, three-fourths of 1 cen- pineapples, prepared or preserved in any manner, 20 per centum ad valorem."

RECOMMENDATION.

We recommend that this provision as to fresh pineapples be eliminated, and that fresh pineapples be placed upon the free list or that a duty of not more tha- imposed by the Underwood tariff bill be imposed, to be assessed according method provided for in that bill.

The provisions of the Underwood bill are as follows: "222. Pineapples, in barr- other packages, 6 cents per cubic foot of the capacity of the barrels or package bulk, $5 per thousand."

GENERAL STATEMENT.

There were distributed and sold in the United States during the season of approximately 1,200,000 crates of fresh pineapples, of which more than 1,00- crates were grown and shipped from the island of Cuba. The annual pineappl- matures in April, May, and June of each year, and is shipped and sold imme- after picking as a highly perishable fruit. Only small quantities mature in seasons of the year, and it is for this reason that the figures for the year 1921 ar- available. The fruit is distributed and sold by commission merchants to jobber- dealers throughout the entire country and is absorbed by the general public d- the season when no other fresh home-grown fruits are available in quantity, w- exception of strawberries. A considerable portion of the product is taken by h- and restaurants, but the bulk of the product is used in small quantities by Am- families either as a table fruit for desserts and salads or by canning by housew- later consumption.

REASONS FOR RECOMMENDATION OF CHANGE IN PROPOSED TARIFF RATE

In support of our recommendation we submit the following facts:

I. The proposed method of computing the tax is obviously erroneous and ill-

(a) *The method of imposing the tax is illogical.*—The method provided Fordney bill for fixing the amount of the tax, namely, by imposing a tax

urths of 1 cent upon each pineapple, is obviously wrong, and must have been drafted ider a misapprehension as to the conditions surrounding the pineapple trade. If is method were adopted, the tax upon each crate of pineapples would increase as value of the contents of the crate diminished. This will be plain from the folving illustration: Pineapples are packed and shipped in crates of a single standard e, containing pineapples of uniform size; but the sizes of the pineapples in different ites differ widely, so that a standard crate may contain from 12 to 48 separate pieces fruit. These are referred to in the trade as 12s, 18s, 36s, and so on. The fruit is irketed and sold by the crate; that is, the crate is the unit in marketing; but as larger sizes are very much more in demand than the smaller sizes, the crates conning 18 and 24 pieces are worth very much more on the market than those conning 36 or 48 pieces. In fact, a crate containing 24s brings usually 40 or 50 per cent re than a crate of the same size containing 48 pieces. If the Fordney provision uld be maintained, the tax upon a crate of 48s would be exactly twice the tax upon rate of 24s.

b) *The administration of the proposed tax would involve excessive cost.*—The placing a tax on the individual pineapple, rather than upon the crate, is obviously illised, for the reason that the administrative cost would be out of all proportion he revenue secured. It would necessitate the counting, or at least the tabulating, he number of pineapples in each crate instead of the mere counting of the number rates. During the height of the season as many as 30,000 crates are received in day, and it is plain that the inspection and tabulation of such a quantity would olve a great time and expense.

c) *The proposed method would likewise involve a loss to the importers and consumers.*—ieapples are a highly perishable fruit, and must be consumed within a few days r picking. As it is, the loss from decay in transit is very substantial. The proed method, which would require the counting or tabulation of the individual ces, would necessarily involve delay during the height of the season, when such ay would be more or less disastrous to the product.

Ve therefore submit that in any event the method of imposing the tax should be nged.

I. The amount of the proposed tax excessive.

a) *History of duty on fresh pineapples.*—Tariff act of 1890, pineapples free. Tariff of 1894, a tax of 20 per cent ad valorem. Tariff act of 1897, pineapples in barrels ther packages 7 cents per cubic foot capacity of the barrels or packages; in bulk, per thousand. Tariff act of 1909, section 279, pineapples in barrels and other kages 8 cents per cubic foot of the capacity of the barrels or packages; in bulk, per thousand. (The standard crate at the time of the foregoing contained about ubic feet, so that, at 8 cents per cubic foot, the tax amounted to 20 cents per crate.) iff act of 1913, section 222, pineapples in barrels or other packages, 6 cents per ic foot of the capacity of the barrels or packages; in bulk $5 per thousand. (At present time the standard crate is smaller in size and contains 1.96 cubic feet, so the tax of 6 cents per cubic foot amounts to $0.1176 per crate.)

he proposed duty of the Fordney bill of three-fourths of 1 cent upon each pineapple ld mean upon the average basis of the season of 1921, in view of the sizes shipped ing that season, an average of $0.256 per crate.

) *Description of pineapple industry.*—The fresh pineapples sold at the present in the United States are grown for the most part in the island of Cuba, comtively small quantities being grown in Porto Rico and Florida. The following statement of the quantities grown in the three places, as derived from railroad steamship records:

	Cuba.	Florida.	Porto Rico.
..	918,944	70,500	145,000
..	1,010,000	40,500	160,000

ome years ago the State of Florida undertook the raising of pineapples upon a large and attempted to overcome the natural disadvantages of soil by fertilizing. eedings before the Committee on Ways and Means, Sixty-second Congress, third on, 1913 (Vol. III, p. 3149), shows that in the year 1909 Florida produced more 1,000,000 standard crates. Immediately thereafter the production fell to 450,000 and from that time on, after a temporary slight increase, production has rapidly ased, until during the season of 1920 the total production was 70,500 crates, and shipments in 1921 were 40,500 crates, an insignificant amount. This record is in

the face of the fact that as a part of the United States the products of Florida are exempt from the duty imposed upon the Cuban pineapple. It can be fairly said, therefore, that Florida is not a real factor in the pineapple industry. According to our information, this result is due to natural causes. In the first place, the soil is not adapted to the growing of pineapples and can only be made so for the time being through intensive fertilization, the benefits of which quickly disappear. An equally serious disqualification is that of the climate. The east coast of Florida, where growing was attempted, is subject to sudden killing frosts, which on occasion destroyed entire crops of pineapples in certain localities. We are advised that these are the principal causes for the practical abandonment of the industry, other causes being matters of labor, transportation, etc.

The island of Porto Rico also produces a comparatively small quantity of pineapples and this quantity has increased but little during the many years in which pines have been attempted to be grown in that island. We are informed that labor, ocean freight, and other conditions are the same as those surrounding the Cuban pineapple trade, but that the soil of Porto Rico is not adapted to the growing of the fruit. We are also informed that the quantity of land available for this purpose in Porto Rico is more limited than in Cuba. Whatever the foregoing facts may be, the outstanding fact is that during all of the past years the quantity of pineapples grown in Porto Rico has not substantially increased and is now a negligible factor, notwithstanding the fact that as a possession of the United States its products have been free from duty, under the protection of the Underwood tariff.

In Cuba the growing of pineapples is an important industry in which large numbers of persons are employed. It has steadily increased during the past years, and its product is readily absorbed by the people of the United States. It can not be said to be in competition with Porto Rico and Florida, as the total supply of pineapples from all sources does not meet the normal demand in the United States.

The Cuban growers purchase all of their crates, paper, and nails required in the packing of the fruit from American manufacturers, and ship all of the product on steamers owned by the United States or upon the car ferry of an American railroad.

(*c*) *Proposed tariff exorbitant and injurious to United States interests.*—During the season of 1921 the growers of pineapples in Cuba made no profit from their pineapples and in many instances suffered heavy losses. This was due to the fact that practically all their costs and expenses have greatly increased. The prices of crates, paper, and nails are substantially higher, owing to conditions in the United States; railroad freight rates have largely increased, the increase being approximately 40 per cent during the last four years; and labor and other items in Cuba are likewise substantially higher. Inasmuch as the fruit is shipped by the Cuban growers to the United States for sale by commission houses, as their agents, they receive only what the fruit brings upon the market in the United States, and the actual proceeds of sale in 1921 were insufficient to meet their costs. This condition is likely to continue until these costs are reduced through economic causes.

The increase in duty proposed by the Fordney bill, if applied to the season of 1921, would show an average of $0.256 per crate, as against $0.1176 of the old rate, being an average increase of $0.1384, or 117¾ per cent. This will be shown by the following statement:

Under the present Underwood tariff law the duty is $0.1176 per crate, and upon the crop of 1921, consisting of 1,100,000 crates, the duty was $118,776. Under the proposed rate of the Fordney bill a duty upon the crop of 1921 would have required the payment of the following tax:

Size 12, 83 crates, at three-fourths cent per pineapple, or $0.09 per crate..
Size 14, 42 crates, at three-fourths cent per pineapple, or $0.105 per crate.
Size 16, 942 crates, at three-fourths cent per pineapple, or $0.12 per crate.
Size 18, 13,981 crates, at three-fourths cent per pineapple, or $0.135 per crate..
Size 24, 139,139 crates, at three-fourths cent per pineapple, or $0.18 per crate..
Size 30, 271,462 crates, at three-fourths cent per pineapple, or $0.225 per crate..
Size 36, 350,271 crates, at three-fourths cent per pineapple, or $0.27 per crate..
Size 42, 188,563 crates, at three-fourths cent per pineapple, $0.315 per crate..
Size 48, 45,517 crates, at three-fourths cent per pineapple, or $0.36 per crate..

The increase shown by the above figures added to the loss sustained by the growers uring the season of 1921 would have been disastrous to some of these growers and ijurious and discouraging to all.

Any action by Congress in the proposed tariff bill resulting in injury and discourage-ent to the industry would likewise seriously affect the interests of the United States the following ways:

All of the Cuban pineapples were transported to this country by car ferry or by merican-owned steamships. Freight charges paid to American steamship companies nd ferries during the season of 1921 were approximately $323,000.

The amount of freight paid the railroads of the United States for handling the Cuban op during the season of 1921 was $868,600.

All of the crates, paper, and nails used in 1921 were purchased of manufacturers of e United States. The payments were as follows: For crates, $467,000; for paper, 15,000; for nails, $30,000.

Inasmuch as the pineapples are distributed throughout the United States, they are portant to the business of a large number of business houses throughout the entire untry, and certain concerns such as the West Indies Fruit Importing Co. are engaged clusively in the pineapple business. A large amount of capital is involved in its erations, inasmuch as advances are made to the Cuban growers to finance them for raising of their crops. The West Indies Fruit Importing Co. has a preferred pital stock of $750,000 which has been sold to the public, principally in the States the Middle West; and the company now has approximately 3,000 stockholders.

THE CONSUMING PUBLIC.

The present supply of fresh pineapples is insufficient to meet the demand, and any ion substantially reducing the quantity of the product would deprive the American ople to the extent of such reduction of this popular fruit.

In conclusion, we submit that the proposed provision be changed as to the method fixing the tax, so that the amount of the tax will not increase inversely to the value the product.

That the tax be fixed at an amount which will encourage and not discourage the lustry, so that American business and the American public will reap the benefit. ere is no occasion for a protective tariff on pineapples, inasmuch as there is no real erican industry to protect.

NUFACTURERS OF PINEAPPLE CRATES JOINING IN THE RECOMMENDATION OF THE WEST INDIES FRUIT IMPORTING CO.

J. A. Korndorffer, New Orleans, La. (Temporary, Biloxi, Miss.); The D. L. King mber Co., Evergreen, Ala.; Beaven Jackson Lumber & Veneer Co., Evergreen, a.; Medlin & Ballentine, Gainesville, Fla.; Burton Veneer Co., Mobile, Ala.; ight & Boggess, Bunkie, La.; Troy Veneer & Crate Co., Troy, Ala.; N. A. Slover Co., Dialville, Tex.; Fred A. Carlisle, Jackson, Ala.; Rotary Cut Box Lumber nufacturers' Association, Pascagoula, Miss.; Orange Box Manufacturing Co., Orange, x.; Roseland Veneer & Package Co. (Ltd.), Roseland, La.; Cummer Manufactur- Co., Paris, Tex.; Independence Veneer & Box Manufacturing Co. (Ltd.), Inde-ndence, La.; Bronson Manufacturing Co., Bronson, Fla.; James P. Heffernan Paper manufacturers of wrapping paper, of New York City.

ATEMENT OF GEORGE McK. McCLELLAN, REPRESENTING THE HAWAIIAN PINEAPPLE PACKERS' ASSOCIATION.

Mr. McClellan. Mr. Chairman, I represent the Hawaiian Pine-ple Packers' Association. I desire to speak in connection with question which has been raised this morning of the adjustment the rate on fresh pineapples.

I am sure that the representative of the West Indies Fruit Im-rting Co. would not intentionally mislead the committee; but, as matter of fact, I understood him to state that there had never fore been a rate per thousand assessed in the tariff laws. I call attention of the committee to paragraph 279——

Senator McCumber. The rate per thousand?

Mr. McClellan. I understood his statement to be that the had always been on a per cubic-foot basis and that there had no rate per piece or per thousand.

Senator McCumber. Yes; I think he mentioned per piece

Mr. McClellan. As a matter of fact, reference to the tariff of 1909, paragraph 279, shows the following schedule:

> Pineapples in barrels or other packages, 8 cents per cubic foot of the capa barrels or packages, and in bulk, $8 per thousand.

In other words eight-tenths cent per pineapple. So that statement was mistaken and unfounded in fact.

What the Hawaiian growers are interested in is solely to equ the tariff rate. We indorse the statement made here that should be a rate per cubic foot. That is a mere matter of venience in importing the goods and handling them; but there been in the pineapple tariff from the time that it was written a in the matter of fresh fruit in crates.

The statement made here, I think, is approximately correct—m by the representative of the importing company—that the aver crate contains 30 pines. Therefore your figures are on that ba Those figures show that the present import duty is approxima 12 cents per crate or four-tenths cent per pine. But, at the sa time, the bulk rate is five-tenths cent.

I take it that I do not need to argue to the committee that w you are importing fresh fruit you do not want to have a lower r on fresh fruit in crates than you have on it in bulk. If anythin should be a higher rate.

All that the Hawaiian pineapple growers are asking of you word, is that you should make a rate per cubic foot which w equal the rate per thousand—in other words, the rate in bulk it passed the House.

We can not very well conceive of any proposition that would sounder than that from a tariff standpoint, and we can not see a legitimate reason that could be brought to this committee, a do not understand that any was presented, why there should be lower rate on fruit in crates than there should be on the same f in bulk. That is the entire substance of the matter.

To show you the extent of the joker, in the 1909 law, I ha wade through that whole contention and knew that that wa over on the committee. The facts were misrepresented as t average number of pineapples per cubic foot. The committee told that the rate which was assessed in the 1909 tariff was equi lent to the bulk rate of $8 per thousand, which is eight-tenths As a matter of fact, it was practically five-tenths cent words, there was a differential of 60 per cent. The in in bulk came in at 60 per cent higher tariff ha in in crates.

I assume that I do not have to argue to th want to equalize this schedule.

Mr. Chairman and gentlemen, the represer company has spoken about the burden tha porters by the rate which has been assesse before you at the present time carries a ra

nt per fruit. Our contention is that not less than that should be sessed, because that is slightly below the tariff rate of 1909.

What we ask of you gentlemen is that you should make a rate per bic foot which would equalize the rate which is already written o the bill for bulk shipments, and that rate would be approxi- tely 11 cents per cubic foot, because a crate contains substantially ubic feet.

The testimony given showing that the average is 30 pines would ke the equivalent duty of the bulk rate 22½ cents per crate; that the equivalent duty on a crate, and as there are 2 cubic feet, the uivalent rate would be approximately 11 cents; to be exact, 11¼ its per cubic foot.

What I want to call to the attention of you gentlemen is this, that t increase or the putting in of the rate of 11 cents per cubic foot ild be an increase of only 10 cents per crate on the tariff; of this, e almost all of the importation comes from Cuba, only four-fifths ild be paid; in other words, the actual addition of the tariff to the ian import would be 8 cents per crate. Those crates sell on an rage at wholesale of $4.50 per crate, and I do not believe that committee can be persuaded that an additional cost of 8 cents ariff is going to be a burden on a crate of fruit which sells for i0 wholesale.

call the attention of the committee to the fact that this being a t which is in the nature of a semiluxury, not a standard staple of it can very reasonably stand a rate of tariff which shall be at t a reasonable revenue-producing rate. There is no reason why fresh fruit should come in here at a rate which is negligible and tariff from which they get a reduction of 20 per cent in addition. here is reason for this tariff correction being made, because at the ent time there are definite steps being taken to establish large 1-fruit plantations both in Haiti and Jamaica, and there is reason ink that a substantially large amount will come in. We are not mpting, so far as the Hawaiian growers are concerned, to shut n out. We are only suggesting that this rate, which is a very onable rate considering the product and considering its value, ld be equalized so that your rate per cubic foot should be estab- d at 11 cents, which would practically be the equivalent of 0 per thousand.

e ask that the pineapple schedule shall stand in the form in h it passed the House, with the addition of a rate of 11 cents cubic foot on fresh pineapples in crates or other containers.

TEMENT OF HON. WILLIAM A. RODENBERG, A REPRESENTA- VE IN CONGRESS FROM THE STATE OF ILLINOIS, AND HON. ROLD KNUTSON, A REPRESENTATIVE IN CONGRESS FROM E STATE OF MINNESOTA.

submit the following statement of facts with reference to paragraph 746, lule 7—Agricultural products and provisions. This paragraph reads as follows: neapples, three-fourths of 1 cent each; pineapples, prepared or preserved in anner, 3¾ cents per pound."

present duty on canned pineapples is 20 per cent ad valorem. This same of 20 per cent ad valorem was contained in the bill as reported to the House the Ways and Means Committee. Upon motion of Mr. Hawley, of Oregon, an dment was adopted by the House changing the duty of 20 per cent ad valorem cents per pound. This increase over the present tariff would amount to an se of more than 300 per cent in the duty. There is absolutely no justification

for this increase. Approximately 90 per cent of all the canned pineapples consum- in the United States are produced and canned in Hawaii. Fully 95 per cent of [illegible] labor employed in producing and canning these Hawaiian pines is coolie or Asia- labor, so that the argument can not be advanced that the increased duty would [illegible] in any way beneficial to American labor.

We further desire to call to your attention the fact that the Hawaiian Pineap- Co., which is one of the largest canners of pineapples in Hawaii and which was chie- responsible for this increase in the duty, has been making abnormal profits ev- under the present duty of 20 per cent. During the year 1920 the Hawaiian Pinea- Co. paid to its stockholders a stock dividend of 25 per cent, increasing their cap- from $1,600,000 to $2,000,000; and in addition to this stock dividend they pai- cash dividend in 1920 on the increased capital of $2,000,000 of 23 per cent. In ad- tion to these stock and cash dividends, the company also placed in its reserve [illegible] the net earnings of the year over $900,000. (See page 71, Manual of Hawaiian Se- ties, 1920, which has been handed to Senator Watson.) During the year 1921 [illegible] Hawaiian Pineapple Co. paid a 20 per cent cash dividend to its stockholders.

These figures conclusively prove that this industry is not entitled to this additi- duty, as it would operate to give the Hawaiian pineapple canners a complete mon- of the business. Instead of increasing the duty, it would be more advisable [illegible] equitable to reduce the original House provision of 20 per cent ad valorem.

We wish to state further that this unjustifiable amendment does not meet [illegible] the approval of all of the pineapple producers and canners in Hawaii, some of wh- are engaged in producing and canning other fruits and vegetables, and wh- [illegible] that the proposed increase will result in retaliatory legislation on the part of oth- exporting nations.

Pineapples are so generally used in American homes that legislation which w- have a tendency to increase the cost and create a monopoly in the industry w- [illegible] prove most unpopular with the great mass of consumers, who are certainly enti- to consideration at the hands of your committee.

HORTICULTURE.

[Paragraphs 751 and 752.]

STATEMENT OF JAMES McHUTCHISON, NEW YORK, N. Y.

Senator McCumber. Try to be as brief as possible, Mr. McHutchi- son.

Mr. McHutchison. Senator, we will try not to take more than [illegible] minutes of your time. We have put what we have to say in a ve- concise form. There are just the two of us present.

We represent the Society of American Florists and Ornamen- Horticulturists, which embraces in its membership practically all [illegible] the florists and horticulturists throughout the United States. We a- interested only in the horticultural schedule, which is covered [illegible] paragraphs 751 and 752.

First of all, we realize that the new tariff must produce much mo- revenue than the present one, but the House bill proposes duty rat- lower than necessary on some items, while on others they are so hig- as to prohibit importations; besides, the phraseology is loose an- indefinite and would result in loss of revenue. We want to coopera- with you in proportioning the duty rates properly on the differe- items. We do not ask for reductions except when the increa- exceeds 100 per cent of the present tariff. Our recommendatio- will increase rather than decrease the revenue but will not furth- unnecessarily depress business. We want only to regulate the rat-

Getting down to the paragraphs, in paragraph 751 the House b- proposes a duty on "tulip bulbs, $4 per 1,000." They are n- dutiable at 50 cents per 1,000.

The proposed raise of 800 per cent would prevent the importa- of all but high-priced varieties of tulips and would result in decrea-

venue. We recommend a duty of $1 to $2 per thousand bulbs, iich will be four times as much as the present duty but which will t materially decrease revenue. I am only mentioning items in it paragraph where we recommend changes which we think will of advantage to the Government as well as to ourselves.

On narcissus bulbs the House bill provides for a duty of $4 per ousand. They are now dutiable at $1 per thousand. As with ip bulbs, a 400 per cent raise would prevent the importation of cheaper varieties, thus reducing the total revenue on narcissus. recommend a duty of $2 per 1,000 bulbs.

On lily of the valley pips the rate in the proposed House bill is $4 thousand. These are now dutiable at $1 per thousand, and a e of 400 per cent would prevent the recovery of this line dislocated the war, thus reducing revenue. We recommend a duty of $2 thousand pips, which is double the present rate.

enator McLEAN. They are called clumps here.

Mr. McHUTCHISON. No; the clumps are $10 per thousand. That cceptable as it now stands. There is a very great difference be-en clumps and pips.

On lily bulbs the House bill provides for a duty of $4 per thousand, ugh they are dutiable now at $5 per thousand. While the pro-ed duty is agreeable, a raise to $5 or even $8 per thousand would reduce revenue or seriously reduce imports. We can stand rates s to increase the revenue, but under no circumstances should this 1 be made dutiable on an ad valorem basis, as it would be quite orkable. We recommend a duty of $6 per thousand bulbs on s.

he other items in paragraph 751, though showing a large increase uty rates, are acceptable as they now stand. That takes in the of the valley clumps and everything else in that paragraph.

aving in mind the necessity for increased revenue, yet wishing to ent a reduction in revenue as well as a further curtailment of im-ations and further disturbance of the business of American pro-ers, we recommend that the wording of paragraph 751 be changed ead as follows: There is a slight correction in verbiage and in the mas, which are very important in this technical business. ough the use of a comma and the taking out of an "s" in the last f there were thousands of dollars of revenue lost to the Govern-t. I have got the proposed paragraph punctuated very care-the way I think it should be written to prevent leakage. Shall d it over?

nator McCUMBER. Yes; if it is short.

r. McHUTCHISON (reading):

agraph 751: Tulip, and narcissus bulbs, and lily of the valley pips, $2 per 1,000. inth bulbs, $4 per 1,000. Lily of the valley clumps, $10 per 1,000. Crocus , $1 per 1,000. Lily bulbs, $6 per 1,000. Gladioli bulbs, $5 per 1,000. All bulbs, roots, root stocks, corms, tubers, and herbaceous perennials, which are ted for horticultural purposes, 20 per cent ad valorem; cut flowers, fresh or pre-d, 25 per cent ad valorem.

at increases the range so as to make the paragraph definite.

ith regard to paragraph 752, while the principal item in this graph, rose stocks, represents a raise of 100 per cent over the nt tariff, it is acceptable; but the whole wording of this para-h should be changed to prevent a serious loss of revenue; rose

stocks being differentiated from rose plants. The present duty on rose stocks is $1 per thousand and on rose plants $40 per thousand, so that under this paragraph as it now reads, "seedlings and cuttings of manetti, multiflora, briar, rugosa, and other roses, $2 per 1,000 plants," rose plants would be dutiable at $2 instead of $40 per thousand.

Our organization recommends that paragraph 752 be changed to read as follows, which will make it more concise and make it produce more revenue and be understandable to the Government officers as well as to the importers:

Seedlings and cuttings of manetti, multiflora, briar, rugosa, and other rose stocks 3 years old or less—

So as to define them—

$2 per 1,000 stocks. Rose plants, budded, grafted, or on own roots, $40 per 1,000 plants; cuttings, seedlings, or grafted or budded plants of other deciduous or ornamental or evergreen trees, shrubs, or vines, including greenhouse plants, 20 per cent ad valorem.

That makes that paragraph very much more comprehensive and more definite. We have been having to hire lawyers for years to interpret the tariff, and we want a tariff so that we can understand it without having to hire a lot of lawyers to interpret it.

Above all, we recommend that the items mentioned above which are now dutiable on a specific or per thousand basis be retained on a specific basis. There is no market value on such items, and as several hundred varieties each of tulip and narcissus and hyacinth bulbs are imported, an ad valorem duty causes loss of revenue by the changing of varieties on consular invoice. We want a specific duty on everything that can come in under that heading.

While the American-value plan of the House bill is perhaps practicable on manufactured articles, it is wholly unworkable on the horticultural items we are interested in. Such items are imported only because they can not be commercially produced in this country. Hence there is no American value except cost price after the duty and importation expenses are added; and, being raw materials, they do not compete with other items of American production but are required by American producers. Ad valorem duties on bulbs would result in loss of revenue to the United States through the substitution of varieties by dishonest foreign exporters, making it difficult for honest American importers to compete with them.

These items are imported wholly from Japan, Holland, England, and France, where the value of currency is not materially reduced. Since all items in paragraphs 751 and 752 are imported only because they can not be commercially produced here, the trade requires no protection; hence, the sole purpose of the duty is to provide revenue, but unless these paragraphs are corrected in the Senate bill the revenue will be largely lost by the injury done to horticultural interests.

After a careful study of the duty rates and verbiage of the House bill as compared with the present tariff, you will agree with us that the above recommendations will increase the revenue without further dislocating business. Hence we earnestly seek your cooperation in having the horticultural schedule changed in the Senate bill as suggested.

ALMONDS.

[Paragraph 754.]

ATEMENT OF T. C. TUCKER, MANAGER OF THE CALIFORNIA ALMOND GROWERS' EXCHANGE, SAN FRANCISCO, CALIF.

ienator SMOOT. Will you give your name and address and whom u represent?

Mr. TUCKER. T. C. Tucker; I am manager of the California Almond owers' Exchange and my address is San Francisco. I represent California Almond Growers' Exchange.

ienator SMOOT. You may have 15 minutes, Mr. Tucker, and you y file any brief that you desire.

Ir. TUCKER. I first want to express my appreciation of your cour-y. I would not have asked for this opportunity to appear before I had it not been very, very necessary that I return home, for the son that our crop is coming in at the present time and my duties manager call upon me to finance and handle and sell the crop. refore I had the choice of asking to be heard at this time or of ng home without being heard.

Briefly, the California Almond Growers' Exchange is a nonprofit ociation of growers, representing about 85 per cent of the almond). Its membership is very nearly 4,000. We have more than a dred thousand acres of almonds planted, mostly nonbearing. Our stment is something over $50,000,000.

alifornia has been producing almonds for many years commer-ly, but only in a limited way until the last few years. Prior to) the average annual production of almonds in California was ut 2,000 tons. In 1919 the production was 7,500 tons and in 1920 roximately 6,000 tons. Practically all of our crop prior to 1919 marketed as almonds in the shell.

mator WATSON. Where is your competition?

r. TUCKER. Our competition is from Spain and Italy, principally l the Mediterranean countries.

mator WATSON. Do you know about the difference in production s, generally speaking?

r. TUCKER. Yes, sir.

mator SMOOT. Is that in your brief?

r. TUCKER. It will be; yes, sir.

nator JOHNSON. State it generally, because you will occupy time ing in your brief to the figures.

nator WATSON. I thought he could just state generally the ition.

r. TUCKER. In 1920, not including interest, the cost of production alifornia was 14.3 cents per pound, and in Europe it was 3.6 cents pound.

nator SMOOT. Shelled or unshelled?

. TUCKER. That is based on the unshelled almonds. The differ-is 10.7 cents a pound. That does not include interest on either or capital invested in orchards or equipment. That represents ctual out-of-pocket cost for the production of almonds.

nator WATSON. Can you answer another question quickly? t is the American consumption and what proportion do you ly?

Mr. TUCKER. At the present time we supply from 20 to 25 per cent of the American consumption. Our acreage when bearing is sufficient to supply the normal demand of the United States.

I want to bring out this point right here, that the great demand for almonds in this country is for shelled almonds. Eighty per cent of the money spent for almonds is for shelled almonds, and this American market for shelled almonds is absolutely monopolized at the present time by the importers.

Senator SMOOT. Have you as good machinery for the shelling of them as they have in Europe?

Mr. TUCKER. In Europe almonds are shelled under the most primitive conditions, without machines, by hand, by old women and children, at night. In California we have invented and made homemade machinery which answers our purpose fairly well on which we will make other additions and experimentations and improvements. In California the shelling of almonds must be handled by machinery because of the labor situation.

Senator WATSON. What were your imports last year?

Mr. TUCKER. The imports last year of almonds were about 25,000,000 pounds.

Senator WATSON. Shelled or unshelled?

Mr. TUCKER. Shelled and unshelled, both. In 1919, under the most prosperous marketing conditions in America, the importation of almonds was 35,490,000 pounds.

Senator WATSON. Do they raise almonds anywhere in the United States except in California?

Mr. TUCKER. Only in California commercially.

Senator WATSON. Could you, if properly protected, supply the entire American demand?

Mr. TUCKER. When our present acreage is bearing.

Senator SMOOT. What percentage of your present acreage is bearing?

Mr. TUCKER. I would judge that less than one-fourth of the present acreage is bearing at the present time.

Senator WATSON. Now, let me ask you this, Mr. Tucker. Paragraph 754 of the bills says:

> Almonds, not shelled, 4 cents per pound; shelled, 12 cents per pound.

Is that the proper proportion?

Mr. TUCKER. Yes, sir.

Senator WATSON. Are you satisfied with those rates?

Mr. TUCKER. No, sir.

Senator WATSON. What do you want?

Mr. TUCKER. Five and fifteen.

Senator JOHNSON. Are those rates absolutely essential for the protection of that industry, Mr. Tucker?

Mr. TUCKER. Absolutely, Senator. And I want to say this, that in basing a request for a rate of 5 and 15 originally we selected the minimum under which we felt we could go ahead and develop the business along the lines that would warrant. Statistics show that the actual difference in the cost of production—and that is allowing everything in favor of the European—is 8 cents a pound on almonds not shelled and relatively 24 cents a pound on shelled almonds. That is taking the highest rates of wages, etc., in Europe.

Ve have taken the cost of labor in Spain, the cost of labor in Italy, l yet there are countries in Europe that are producing almonds ere the labor problem is easily solved.

just want to point out that we had a gentleman in our office ut a year ago from Palestine. Palestine has been producing onds for centuries. I asked this man, "How much do you pay r help, how much money?" He said, "We don't pay them any ney. We give them permission to eat of the fruits of the planta-." "Don't you give them any money to buy shoes or anything of that kind?" "No; they would not know what to do with a of shoes."

n Spain labor at the present time is from 25 to 35 cents a day. ght, as will be brought out in our brief, varies. It is one-fourth ne-third of our freight.

enator JOHNSON. The almond people feel that they may have dered in stating the original rates in the House at 5 and 15, use they fixed the very least possible rate on which they could . They asked 5 and 15, but if they had done like most industries e done, asked more than the very least possible rates upon which could live, they might have been reduced and they might have ived the 5 and 15.

that the way the almond people feel, Mr. Tucker?

r. TUCKER. That is correct.

enator JOHNSON. What is happening to your groves?

r. TUCKER. I want to say at this time, Senator—naturally, I think of a lot of things after I am out—that we have at the ent time a large percentage of our 1919 crop unsold; 1919, as know, was the most prosperous business year in this country. 1919 importations were the heaviest we have had, being an in-se of nearly 700 per cent over a period of some 15 years. Re-ly we shipped back from New York to San Francisco 5,000 bags lmonds we could not sell. The almonds had remained in the house, most of them for a year, and we could not get any kind decent offer for them, and finally their condition, by reason of ining in the warehouse, was such that we had to ship these nds back to California where they could be shelled and sal-d as well as possible. The bags had been stained and damaged. had gotten into them.

e have been anxious and willing to sell our crop at any reason-price we could get, but we found that every time we got into the et the other fellow seemed to be able to cut our price. That is cularly true of shelled almonds. There is a certain amount of nd for almonds in the shell.

nator WATSON. What can you sell them for profitably per pound w York?

. TUCKER. Under the present cost of production?

nator WATSON. Yes.

. TUCKER. The costs of 1920 were nineteen and a fraction cents nd for almonds not shelled. Freight is 2½ cents a pound addi-l. Anything above that would bring a profit.

nator WATSON. What does Italy or Spain lay them down for in York?

. TUCKER. At varying prices.

Senator WATSON. But they can always undersell you at that pri
Mr. TUCKER. Always. I think they always have been able t undersell us.

I want to say that of the 1920 crop, Senator, at the present tim we have approximately 30 per cent unsold.

Senator SMOOT. What kind of almonds are you speaking of no
Mr. TUCKER. Nuts in the shell.

Senator SMOOT. They are of different grades, are they not?

Mr. TUCKER. Yes. We have a proportion of all grades, but t great bulk of our crop is what we call the seedling varieties. W produce about 35 per cent paper shell and about 65 per cent seedling

Senator SMOOT. What do you get for paper-shelled now?

Mr. TUCKER. We have not been able to sell any for such a lo period of time that I do not know what we could get now.

Senator WATSON. Why have you not been able to sell any?

Mr. TUCKER. Because at the present time there is no sale for nu in the shell after January 1. The great year-round demand is shelled almonds. The consumption of nuts in the shell, by ha has been confined principally to the holidays.

Senator WATSON. You think that if there had not been any i ports you could have sold your product?

Mr. TUCKER. We could have shelled our product and have be able to enter the shelled-almond market. We have quite a quanti of shelled almonds now, and we found that shelled almonds w brought from the Mediterranean countries into the city of San Fr cisco and sold for less money to the people out there than the p previously prevailing on almonds in the shell. To-day the people California are eating the peasant-grown almonds of Europe.

Our business is right at the point where it either is going to ahead very fast or disintegrate. We are pretty good sports. We not going to pull up our trees, but are going to make the best fight can for a market; but if the grower for two or three years does get enough to pay for the cost of production, he can not keep very long. We have a little bank up in the Esparto district. of the principal products of the Esparto district is almonds. T grow almonds and grain. I think those represent their entire p duction. That bank is existing only by courtesy of the bank ex iner. They can not lend a penny to the growers in the district. situation is very, very serious, especially when almonds are the p dominant crop. At the same time we see in the East a demand shelled almonds and the consumer paying a pretty high price

Senator WATSON. That is a pretty fair statement. I think have given us all the salient facts, as many as you would have g us if you had talked for an hour. You have given the fundamen

Senator SMOOT. If you desire to file a brief you may do so.

Senator JOHNSON. Mr. Tucker may file a brief on behalf o almond people?

Senator SMOOT. Certainly.

Senator SHORTRIDGE. I thought it might be helpful to the mittee to submit these telegrams [indicating].

Senator SMOOT. I think we have just the same telegrams, Sena I have a larger bunch than that.

Senator SHORTRIDGE. I am not asking that they be inserted record—far from it—but I want to say, if you will permit me,

:e are a hundred and odd telegrams that have come to me not ly from the growers but from banks and bankers and shippers; of irse, all to the same effect.

They claim, and I believe it to be absolutely economically true, it they must have at least 5 and 15 cents, respectively, on the illed and the unshelled.

Senator WATSON. They have been very liberal in their telegrams th all of us.

Senator SMOOT. I think I have more than you have there.

Senator SHORTRIDGE. Of course, I have a great many letters.

EF OF T. C. TUCKER, MANAGER CALIFORNIA ALMOND GROWERS' EXCHANGE.

he California Almond Growers' Exchange, a nonprofit cooperative association of roximately 4,000 growers, operating under the cooperative organization laws of State of California, and representing about 75 per cent of the almond crop pro- ed in America, respectfully asks the Congress of the United States to grant the owing tariff schedule on almonds:

lates requested.—Unshelled almonds, 5 cents per pound; shelled almonds, 15 cents pound.

lates granted in Fordney bill.—Unshelled almonds, 4 cents per pound; shelled londs, 12 cents per pound.

Previous rates (cents per pound).

ear.	Tariff.	Un-shelled.	Shelled.	Year.	Tariff.	Un-shelled.	Shelled.
-1921	Underwood bill	3	4	1890-1894	McKinley bill	5	7½
-1913	Payne-Aldrich bill	4	6	1883-1890	Morrison bill	5	7½
-1909	Dingley bill	4	6	1864-1883	Morrill bill	6	10
-1897	Wilson bill	3	5				

The present Underwood tariff is the lowest since the Civil War. It has had no t of its protective powers, as it did not become commercially effective as regards monds until after the World War began. Furthermore, the Payne-Aldrich rates re, at the time they were in effect, the lowest since the Civil War with the exception three years from 1894 to 1897, when the Wilson bill was in effect. Previous tariff edules on almonds do not, however, constitute sound precedents upon which to ct just duties on almonds.

DOMESTIC PRODUCTION AND VALUE.

The domestic production of almonds is limited almost altogether to California, hough there are small areas in a number of other States where almonds are produced ccessfully. The normal production in California at the present time is about 12 to 15 illion pounds annually. In California, as in Europe, almond crops are more or less certain because of liability to frost injury. Large crops some years are offset by or crops other years.

While 3,000 tons of the 1919 and 1920 crops grown by members of the California mond Growers' Exchange remain unsold, the estimated value expressed in returns the growers is $2,500,000 for the 1919 and $1,500,000 for the 1920 crop. (Production ce 1900 is shown in Exhibit D.)

The California growers have received to date on their 1920 crops 10 cents per pound r some varieties and 7 cents for others. Due to deterioration, spoilage, storage arges, and loss in value through age, total returns to the growers on this crop can but very little more than they have already received.

Foreign competition comes chiefly from Spain (over 50 per cent) and Italy (over per cent), with some production in France and other Mediterranean countries. Total oduction in the Old World is estimated at approximately 700,000,000 pounds. Production by countries may be found in Exhibit D.)

American importations of almonds amounted to approximately 35,000,000 pounds 1919 and 25,000,000 pounds in 1920. Figures supplied by the United States Bureau

of Foreign and Domestic Commerce show the total value of the 1920 importations to be $7,786,910. The total value of the 1919 importations according to the same authority was $11,887,346. Segregating values for shelled and unshelled almonds imported shows that the value of unshelled imported during the calendar year was $1,017,984, while the value of shelled almonds for that year was $6,768 … almost 7 to 1.

In weight the unshelled shipments to this country in that year amounted to 6,7… pounds, while the shelled nuts weighed 18,150,588 pounds. (Detailed information … imports may be found in Exhibit I.)

A very careful estimate of acreage based on reports from over 1,200 growers throughout California indicates that there are at the present time considerably over … acres of soil planted to almond orchards, numbering in the aggregate approximately 7,000,000 trees. The capital investment of the growers in California is … conservatively at over $50,000,000. About 20,000 white laborers are employed in culture and harvesting of almonds seasonally.

The basic rate on unshelled almonds granted in the Fordney tariff bill is … low. It is impossible for us to compete with the cheap European products on the rates which prevailed before the war.

With an 8-cent rate on unshelled almonds justifiable solely on the basis of … in cost on a prewar basis, experts are agreed that 5 cents is a reasonable … postwar conditions. In asking a 5-cent and 15-cent schedule of duties the American almond grower rests his case upon the wide divergence of production costs … peasant-grown Mediterranean almonds and the California product employing … can labor and modern American methods and machinery.

The estimates of foreign costs used in the calculations contained herein are … at 25 per cent of American costs, though official and unofficial figures of labor as given in Exhibit A, all show them to be only 10 per cent to 20 per cent of American costs. For safety, calculations reducing foreign money values to American … are figured at higher exchange rates than actually prevailed at the time … the data presented. This gives any advantage that may exist to the foreigner … than the American producer. In fact, such a method has been pursued through… fully recognizing that the merits of the case being presented are sufficiently … vincing, even if estimated to favor the foreign producer.

In Tariff Information, 1921 series, in a publication of the Committee on … and Means, entitled "Wages in the United States and Foreign Countries," is a … résumé of wages on page 6, which shows that Italian labor costs in agriculture … only 20.75 per cent of American costs. On page 34 of the same publication … labor costs are shown to be but 13.30 per cent of American costs. Furthermore … the same page it is shown that costs in the far West are well above the average … United States. In spite of this official evidence we have, for safety, figured … costs at 25 per cent of American costs.

Estimates on California costs are based on the results of the investigation … lished in Bulletin 297 of the California Agricultural Experiment Station, … "The Almond in California," by R. H. Taylor. These investigations cov… continuous period of six years.

Figures on European costs are shown in detail in Exhibit A. The official … quoted fully bear out the conservatism of our estimates of foreign costs as comp… with those of California. We would call particular attention to the report, No. … of the American consul at Malaga, Spain, dated July 11, 1921, given in Exhibit … This report throws much light on European methods and costs in general.

This report shows that men who may be used as foremen in almond or… Spain received from $0.63 to $0.76 per day with quarters but no meals. … male labor receives from $0.44 to $0.50 per day without meals, or $0.25 per … board. On the other hand, ordinary California labor at the same time cost… a day. In Spain "the average earnings of a farmer laborer aided by his … children," the consul reports, "are from 1,000 to 1,500 pesetas annually," … to $189.30 in American money.

The American consul further reckons the Spanish cost of production, … taxes, interest on investment, exhaustion of soil, and all other charges, at from … to $0.0997 per pound of shelled almonds, or, on the basis of American shelling … ages, which are more favorable than the foreign, $0.0249 to $0.0332 per pound un… On the basis of foreign shelling percentages given by the American consul, the … pound on unshelled almonds is from $0.0187 to $0.0249 per pound.

Recent consular reports from other Spanish points are in accord with the … Consular reports from southern Italy show costs in the almond-producing … be much less than those used in our estimate. Labor costs in both Europe a… fornia, as shown in Exhibit A, are quoted from official sources as indicated.

'laims made by opponents of the American almond farmers that California almond ıds are overvalued are disproved by a report made by R. L. Adams, professor of m management of the University of California, in 1916, on comparative land values California. (His estimates are given in detail in Exhibit J.) Prof. Adams shows it the high price for land adaptable to almond culture in California in 1915 was $300 acre, the low price $100, and the usual price $150. These figures are at the bottom he list of fruit-land values in the State. According to the same author the high ue of developed almond orchards in 1915 was $800 per acre and the usual $400 per e. No other developed fruit land in California sold as low. After a later and more austive study, reported in Bulletin 297 of the California Agricultural Experiment tion, the average value of bare land ready for almond planting in California was ced at $250 per acre, while the average value of land in bearing was placed at $500 acre. There is an apparent discrepancy in these valuations due to the fact that ams's figures cover land in raw condition, while those in Bulletin 297, in a general r, cover cost of rough clearing necessary before the land is ready for laying out for hard purposes. These reports dispose of the argument that the California almond wer is overburdened with a top-heavy capital investment. He has the least land t of any class of California fruit grower. This is unquestionably due to the poor urns almond growers have had in the past and are now receiving.

'he charge has been made that the efforts of the California almond growers to ure a readjustment of the tariff rates is nothing more than a gigantic land-promotion eme. As a matter of fact, the company referred to had nothing whatever to do h any effort to secure an adequate almond tariff. They have made no efforts mselves, nor have they communicated with us or we with them in any way. ely the Senate Committee on Finance can not for a moment consider as com- ent evidence or argument newspaper real-estate advertisements designed to dis- e of lands by promotional companies.

'urthermore, we maintain that no matter how many land-promotion schemes have been launched in California, and most of them have been perpetrated by residents of California with nonresident capital, the fact remains that the orchards sold to private owners, who are entitled to fair returns from their almond orchards a reasonable valuation basis. This, of course, assumes that the orchards have n planted on adaptable land, which has, generally speaking, been the case. Our ires are not in any way based on promotional land values but upon conservative mates of land valued for other purposes.

t should be further borne in mind that our claims for tariff revision are more than ified by valuing the land at $1, or in effect not considering land value at all.

DOMESTIC MARKET CONDITIONS.

'onditions in American almond growing have been revolutionized since 1918. to and including that year the California almond growers, by sound business thods and judicious sales and advertising methods, were able to create markets their entire crops annually in the shell. In 1919, however, production, steadily reasing year by year, reached a point where the American unshelled-almond rket was satiated. This condition was aggravated with the harvest of the 1920 p, and the American grower, despite the fact that he has taken losses of from 9 to 12 cents per pound on portions of the 1919 and 1920 crops sold, has still on d 3,000 tons of almonds from those years, with the 1921 crop of heavy propor- is being harvested at the present time.

'he unshelled-almond market is seasonal and limited. The American growers e only one hope with production increasing heavily as thousands of trees come bearing annually, and that is the American shelled-almond market, which ays has been and is now completely in control of the handlers of the Mediterra- n crop. It is a physical fact, not a theory, that if the American grower can not his almonds he will not pay upkeep costs on his orchards, and American almond wing will languish into eventual extinction.

n a few instances growers have recently begun pulling up their trees or grafting m over to other fruits. The latter procedure can not be done on many types of d adapted to almonds, however, and in such instances the land must eventually ert to pasture. This is unfortunate, as it requires from 5 to 7 years of unpro- tive labor and investment to bring an almond orchard into commercial bearing.

othing less than a 5-cent and 15-cent schedule will permit the American grower to n a foothold in the American shelled-almond market. This market absorbs 80 per t of the money spent for almonds in this country. The American farmer can not e to enter it under the 4-cent and 12-cent schedule provided in the Fordney bill.

This tremendous increase in production, with further increases to come, ma obvious the earlier statement that previous tariff bills constituted no sound prece upon which to erect equitable almond duties in the tariff bill now before Congre

The domestic production is more than sufficient to supply the entire dom consumption of unshelled almonds and soon will be able to supply the domest sumption of shelled almonds as well. This is evident from the fact that 100,000 a of orchards producing 700 pounds to the acre will produce, when all the tree bearing age, approximately 70,000,000 pounds. New acreage already planted ab the 100,000 acres of 1918 will place the coming California production far beyond 1920 total American consumption of 68,854,945 pounds on the unshelled basi estimate is arrived at by multiplying the shelled imports by 3 to put them unshelled basis, and then adding the unshelled imports and the total American duction less the portion of the crop still on hand unsold.)

Freight rates from California to all points east of the Rocky Mountains are fro to 3 times higher on regular established lines than they are from the Mediterra ports to New York. This is clearly shown in Exhibit C. In many case steamers bring cargoes of almonds for little more than the cost of handling, maki cost of transportation as low as one-sixth of the freight rates from California in lots.

QUALITY OF DOMESTIC AND FOREIGN ALMONDS.

The claim, often made by the importers and others, that the California almond inferior to the foreign almonds, being woody and dry in texture, lacking in oil unsuited to the needs of the manufacturers, is entirely unfounded in fact. In Annual Report of the Director of the California Agricultural Experiment Statio the year ending June 30, 1919, on page 37, is given a table of analyses of foreign domestic almonds. On page 38 he comments as follows:

"The nutrition division, cooperating with that of pomology, made complete ch cal examination of 14 different varieties of domestic almonds grown at Davis and the sake of comparison, 5 varieties of imported nuts.

"The following table contains the analytical data for these nuts. The impo varieties were received in the shelled form, and, therefore, no figures are given refuse or shells.

"The data presented are interesting in showing that the domestic almonds are in nutritive value to the imported article. The protein content of the former is h on the average than that indicated by the latter, while the average for the nitr free extract is correspondingly lower."

The table as printed is given in Exhibit G, together with further comments nished by Prof. Jaffa, of the nutrition division.

The unshelled-almond business is a seasonal one, limited almost altogether holiday season and covering a period of not over three months. Consumption class of business can not be increased indefinitely. With the keen charact competition from the foreign unshelled product we must have some of the she almond business in order to dispose of our surplus, which now amounts to more we can sell in the shell and more than California has previously produced in any year.

From 5 to 12 million dollars annually goes to southern Europe from this co to pay the pauper labor of those countries, while American producers can n their product even at a loss. There are no exports of almonds from this countr never have been. We can not even get business in Canada on account of the abi of the foreign producer to undersell us.

Spain, Italy, and France have all enacted higher tariff schedules than hav existed before in those countries. They have taken cognizance of increased and have raised their rates accordingly. Spain and Italy particularly have much higher duties on most commodities exported from the United States. frankly admit that they are aiming to keep their own domestic manufacture Under such conditions should not America protect her own industries, whe protection is sadly needed, as in the case of the almonds? At the same time foreigners are protesting high tariff duties in America they themselves are do very thing they object to on our part. The United States Department of Co has in its possession the tariff schedules of these countries, which corrob statements just made.

The 4-cent rate on unshelled almonds was barely sufficient under the most conditions existing before the war. A 1-cent increase to 5 cents certainly for many years, if ever, give us a greater chance in the market than before and under conditions probable for the next few years will not give us that m

The United States is now a creditor nation. The gold reserve in this country is ormous. It is entirely improbable that living or other costs will return to prewar ndards as compared with other countries for a good many years, if ever. This ndition alone would warrant an increase in the rate of 1 cent per pound above the yne-Aldrich rate, which tariff was in effect, as far as almonds were concerned, ctically to the beginning of the World War.

t is evident, therefore, that an increase to 5 cents on unshelled almonds will still ve us at a disadvantage and force us to fight hard for any share of the market for helled goods.

merican producers never have had any share in the shelled-almond market on ount of the illogical rates obtaining in the past on shelled almonds as compared h unshelled, with the result that it has been impossible for us to compete success-y with the foreign product, which was always able to just underbid any quota-s we might make.

fter investigations by members of the agricultural subcommittee of the Committee Ways and Means, the proper ratio of rates on shelled and unshelled was found to 3 to 1. That ratio was accepted as correct by the full committee, as shown by the s of 4 cents on unshelled and 12 cents on shelled almonds provided in the Fordney ff bill as passed by the House.

recent test of shelling percentages conducted by the United States Department Agriculture shows that the average meat content secured from shelling, by the t and most up-to-date shelling machinery in California, of 12 leading varieties of ifornia almonds to be less than 33 per cent. The varieties tested represent the t bulk of the entire California production. (Quotations from the official report his test are given in Exhibit F.)

Vith a reduction in weight by shelling from 3 pounds of unshelled almonds to 1 nd of shelled almonds or almond meats for the domestic product, and from 4 pounds nshelled almonds to 1 pound of shelled almonds for the foreign product, it is evi-t that to enable us to compete the rate on shelled almonds should be three times rate on unshelled in order to give the same returns as if unshelled, and this does figure the cost of shelling at all. As a matter of fact, cost of shelling in southern ope is practically nothing, as it is done by the peasants' families at home at e times and in the evening in their huts, while the American workers must be paid stantial wages, and machinery, equipment, and power necessary for operation t be provided at additional expense.

he California almond growers have a well-equipped automatic almond-shelling nt at Sacramento, the only one of its kind in the world, representing an investment ver $300,000, which has never yet turned a wheel commercially. This plant was lt in anticipation of the imperative necessity of getting into the shelled-almond iness and with the belief that Congress would afford the necessary relief when the e came.

rate of 15 cents on shelled almonds is in keeping with the comparative value of product and will do no more than enable the American producer to fight for a e of the market for shelled almonds and will in no way shut out the foreign prod- As a matter of fact, what it will mainly do will be to insure to the American lucer new markets, which he may, by his own initiative, develop. Under pres-conditions, as soon as a market is developed by our producers the foreigner is able ome in and take it completely away from us. We need, therefore, protection nst such a procedure in the future. Even at the rate requested every effort must put forth to maintain markets which we may develop for ourselves through wide-d advertising and sound business procedure.

pon the American almond growers' ability to gain a foothold in the American led-almond market lies the salvation of almond culture in the United States. American growers can not persist in their life's work, to which they have devoted s of toil and millions of dollars, unless they are given a fighting chance to compete the Mediterranean growers by adequate adjustment of cost of production differ-als through the imposition of a 5-cent and 15-cent tariff schedule. In asking these es our American growers are seeking the absolute minimum protection which will ble them to compete with the peon labor of southern Europe and the cheap meth-and equipment employed in the foreign almond-producing countries.

comparative study of prices received by the foreign grower and those received the California grower shows that the foreign producer receives a most variable e, while the domestic producer, before the present complete demoralization of market, received considerably more. In this connection, it must be remembered t foreign quotations are always higher than the prices actually received. Cor-

respondents in Europe invariably state that such is the case and that it is done [illegible] the very evident intent of boosting the market.

Here again it must be thoroughly understood that prices quoted in foreign [illegible] must be reduced considerably to represent the prices at which actual sales take [illegible] The declared value of imports into the United States is based upon quotations [illegible] time shipments are made, rather than upon the actual sales price.

RETAIL PRICES OF ALMONDS.

An examination of the schedule of retail prices in Philadelphia and New York [illegible] a comparison with the varying tariffs indicates that retail prices are no higher [illegible] high tariff than with a low tariff. In other words, the revenue that should have [illegible] to the Government has been going into the pockets of speculators in foreign alm[illegible] Murton observes that fortunes are constantly being made and lost in the [illegible] business in Spain due to speculation. It is safe to say, also, that fortunes are [illegible] made in foreign almonds here due to the large margins of profit which are [illegible] under conditions as they exist in this country.

An examination of a list of retail prices mentioned above shows that almonds [illegible] selling at Philadelphia as far back as 1899 for 35 cents a pound. In no year sinc[illegible] time have they exceeded that amount until the year 1918, when they went to 40 [illegible] In view of the unusual conditions throughout the country and abnormal increase [illegible] costs of all kinds, this increase is not to be compared with those which have [illegible] place in other commodities.

It is well to call attention to the business philosophy of the California A[illegible] Growers' Exchange. It has been the policy of the exchange from its inceptio[illegible] 1910 to sell at the lowest figure possible consistent with a fair return to the gr[illegible] The repeated statement of the manager of the exchange has been that "if we [illegible] take advantage of the consumer one year because we find ourselves in a positio[illegible] so, we shall pay for it in the following year." This policy of selling at the [illegible] possible prices consistent with returning a reasonable profit to the producer [illegible] encourage the widespread distribution of the product through the maximum [illegible] opment of old and new markets. Up to the time the American market [illegible] saturated at the close of the World War the effectiveness of this policy was [illegible] demonstrated. Figures secured from the Bureau of Foreign and Domestic Comm[illegible] on retail prices in New York for the Nonpareil almond show that this variety [illegible] uniformly lower prices from 1913 to 1917, inclusive, than from the period be[illegible] 1907 and 1912. Prices for the earlier period were from 4 cents to 8 cents hig[illegible] Remembering that the association was organized in 1910, but took two or three [illegible] to gain sufficient strength to materially affect the market, these figures are strik[illegible]

We believe the figures on retail prices show that the operation of the growers' [illegible] zation to date has resulted in lower prices to the consumer than would other[illegible] have obtained due to a sane selling policy as outlined above and to more econ[illegible] methods of distribution. Here we might call attention to the fact that while [illegible] commodities rose in value from 100 to 200 per cent and even more from 1915 [illegible] the retail price of almonds generally only rose about 30 per cent during the [illegible] period.

Under such conditions it is reasonable to expect the California producer, if [illegible] aged to produce in quantity by adequate tariff protection, to develop new [illegible] for shelled almonds and stabilize old ones, until eventually the consuming [illegible] will pay less for the American product than they have for the foreign. All [illegible] is an opportunity to demonstrate these possibilities.

If the increases to 5 cents and 15 cents are not granted, the California [illegible] industry must languish and eventually die through neglect. This is no idle [illegible] ment. Without returns sufficient to pay production costs, orchards must [illegible] sity be neglected; cultivation, spraying, pruning, and other operations [illegible] omitted. The obvious result will be a gradual deterioration of the orchards [illegible] finally they must die or be dug up, with consequent loss of years of toil and [illegible] financial investment. A forecast of this condition may be drawn from a letter [illegible] by the president of one of our California country banks at Esparto. (See Exhi[illegible]

Returns to California producers have never been high and are now far bel[illegible] of production. If the entire amount of all previous crops were fully sold, the [illegible] returns on the entire crops of members of the California Almond Growers' Ex[illegible] would have been as follows: 1910 to 1916, inclusive, \$0.1309 per pound; 191[illegible] inclusive, \$0.1265 per pound; 1920, \$0.1408 per pound.

The first two prices above indicate actual conditions. The figure for 1920 [illegible] upon what the growers would receive if entire crop were sold at prices prevailing [illegible]

des were possible. As a matter of fact, 3,000 tons of the crops of the past two years ill remain on hand, and deterioration and storage and other costs make it probable iat little further returns on these crops will be made to the growers. It is evident, ierefore, that this figure is too high. The actual facts pointed out above show that ie growers have not received over 8 cents per pound, the 10 cents being paid on onpareil and similar varieties representing but a small proportion of the crop.

A false impression has been given by the importers in their testimony before the enate Committee on Finance (see Committee Print, Part 29, Aug. 30, on the tariff, H.R. 56, p. 2329), in which they quote the retail prices of almonds and then draw the nclusion that the difference between the grower's cost of production and the retail ice is all profit to the producer. It is perfectly evident to anyone desiring a fair atement of the matter that from this difference in price must be deducted the profits all the handlers along the line, including broker, wholesaler, and retailer, as well transportation and other similar costs attendant upon the marketing of any crop.

They further quote Mr. Tucker as having stated that the cost of producing almonds 1920 was approximately $0.16 a pound. That is a palpable error, as all of our claims id all the figures show that the cost was over $0.19 a pound. All of the evidence bmitted by the California Almond Growers' Exchange is aimed to bring out the conrvative nature of the estimated cost of $0.1945 per pound.

The demand for unshelled almonds is limited, being confined principally to the liday trade, the demand for these after January 1 being very light. Numerous iorts on the part of California producers to develop a year-around trade in this class goods has proven that such development is necessarily limited.

The demand for shelled almonds is continuous the year round, the nuts being used confectioners, bakers, paste manufacturers, and many others. This market, on e other hand, is susceptible of a reasonable amount of development if rightly handled. ie speculator can not and will not attempt to develop new markets. The producers, ien organized as the California growers are, can and will foster developments of these arkets in such a way as to be beneficial to all concerned, provided, of course, that e proper stimulus for normal competition is provided by an equitable import duty.

Up to the present time California almonds have been marketed almost altogether in e shell, the small percentage (less than 3 per cent) sold shelled being marketed st of the Rockies.

Those California almonds which have been shelled in the past have been largely off ades that could not be handled otherwise, such as "sticktights" and "rain-stained" its. The balance were shelled in the hulling machines, which are used to separate e whole nuts from the hulls which surround them at the time of harvesting. A rtain amount of such shelling can not be avoided.

The estimated total output of shelled almonds in California amounts to only a small iction of 1 per cent of the total amount of almonds consumed in the United States, d of the shelled almonds only that were so consumed.

In 1919, under the most prosperous marketing conditions this country has expericed, the almond grower offering his product at a price that did not yield to him more an the cost of production plus a fair interest on his investment could not sell his op, and there is to-day in the warehouses approximately 9 per cent of that crop at could not be sold because of the overproduction of almonds for sale in the shell d the low price at which almonds from the Mediterranean were imported. Over per cent of the 1920 crop is also still unmarketed. The prices at which the balance this crop must be sold will not even return the cost of production.

The limit of marketing almonds in the shell having very evidently been reached, e growers must plan to develop a domestic trade for California shelled almonds, d this must be done quickly in order to care for the rapidly increasing size of each w year's crop. With each coming year additional acreage will come into bearing the same way as that indicated by the doubling of production from 1915 to 1919. n examination of Exhibit D will show the detailed character of the increase.)

With the present low tariff it is impossible to get into the shelled-almond business th our rapidly increasing tonnage for two reasons: First, at present prices the cost shelling and handling completely prevents competition except at a heavy loss the California producer; second, because the competition from abroad and the possility of underselling prevents the American producer from investing the necessary pital to put the shelled-almond business on its feet.

In other words, with the present duties, foreign competitors are underselling the nerican producers to such an extent as to keep them out of the shelled-almond isiness completely. Some relief must be provided soon.

PROFITS ON IMPORTED ALMONDS ENORMOUS.

To the claim of the importers and manufacturers that the proposed rates will increase the cost to the consumer so much that it will greatly curtail consumption, we reply by stating it as our belief that they can absorb the increased duties without increasing the cost, and in support of this statement quote the following article from the first page of the New York Times for Monday, August 1, 1921:

"Candy company cuts prices 50 per cent. Concern's head says it is undeniable 300 per cent profits have been general. Ice cream and sodas, 10 cents. Fancy chocolates go from $1 to 59 cents; bonbons drop to 39 cents; hard candy, 29 cents; brittles, 15 cents.

"Reductions amounting to approximately 50 per cent on candies, ice cream, and soda-fountain drinks go into effect to-day in the Miller Candy Co. in the confectionery stores, said an announcement last night by Benjamin Miller, head of the corporation controlling this chain of stores. This is the first general reduction to be made since the war by the Miller Candy Stores, of which there are seven in Manhattan and [illegible] in Brooklyn.

"In a memorandum sent to Herman Heide, head of the Confectioners' Association, Mr. Miller says that the confectionery stores generally have been making a profit of 300 per cent on their goods, which are classed as luxuries. He says he has found that he can cut his prices in two and still make a profit. Despite any action that may be taken by his association, Mr. Miller feels that he is doing the right thing by reducing the prices in his stores to prewar levels and so doing his bit to help along the 'return to normalcy,' advocated by President Harding. The price reductions, he explains, affect everything in the Miller Candy Stores, including expensive candy, both boxed and loose, and ice cream and ice-cream sodas. His statement addressed to Mr. Heide is as follows: 'The order goes into effect Monday morning, August 1. I know that it may not seem regular, but I am faced with two facts of business. One is that for several years we have been getting nearly 300 per cent on what are called luxuries. That has been the profit. It is undeniable. The other is that in a brief experiment it has been shown to me that I can make a regular profit by getting down to natural business tendency, and the tendency is to restore what President Harding calls normalcy.' "

Under a 5-cent and 15-cent tariff schedule the California almond growers are convinced from years of experience that they will have to constantly develop new and broader American markets to give outlet to their annually increasing production. This will work in favor of the American consumer eventually by cutting the cost of almonds on the table. The American almond grower realizes that he must popularize the almond, especially the shelled nut, the same as the peanut has been in the minds of the consuming public. He can do this only by national advertising and low prices. The California Almond Growers Exchange is planning to put up almonds in consumer packages to educate the American public to eat almonds, and at the same time protect that public against excessive distributors' profits by stamping the price on the package. The American grower knows that in doing this he is also developing markets for the foreign grower in the United States. Consequently, he does not look forward to any appreciable decrease in importations. On the contrary, importations are likely to increase under future conditions, even with a 5-cent and 15-cent tariff schedule.

The consumer gets no benefit from a foreign monopoly. The importers never have and never will carry our advertising campaigns to inform the consumer of the uses or value of almonds in any form nor will they make any efforts to develop new markets. This is the natural function of an American organization and should be encouraged. To do this involves an outlay of money for advertising, equipment for handling, packing, etc., and to do so the growers must be assured of an opportunity of continuing to sell in the markets in which they have spent money to develop without the danger of the importers taking the entire market away from them after having been developed. Under present conditions this is not only possible but has been done many times.

REVENUE TO THE UNITED STATES.

An almond tariff schedule of 5 cents and 15 cents would mean an average revenue to the United States of $2,964,024.65. This figure is based upon the average imports for the years 1914 to 1920, inclusive, these average importations amounting to [illegible] pounds of unshelled almonds and 17,989,274 pounds of shelled almonds. The average is below present annual importations and is therefore a fair basis of computation. (Details of these figures are given in Exhibit II.)

Claims of the almond importers that the 5 and 15 cent schedule of duties asked ll shut out importations are obviously without substantiations. If foreign exportg and American importing margins of profit are so large and have proven so elastic the past, when the American almond grower tried at various times to enter the nerican shelled-almond market, it is reasonable to believe that the duties asked ll be absorbed by the foreign producer, the exporter, and the American importer, d that the American grower and distributor will find keen competition in the nond markets of the United States.

If the American producer is throttled by being forced to produce at a loss, the rection of said production to a minimum once more will give the foreigner full control the American market at his own prices.

Even if the entire cost should be passed on to the consumer, it would not amount more than a total of 4 cents per capita per year, as shown by the following table:

Consumption of almonds in United States per capita.

[Figures given are for the fiscal year ending June 30.]

	1920	1921
	Pound.	*Pound.*
shelled almonds	0.065	0.061
lled almonds	.247	.130
lled as if unshelled (x's 3)	.741	.390
Total, on unshelled basis	.806	.451

Surely the committee and Congress will bear in mind that the almond is not a basic d necessity. Less than half a pound of almonds were consumed per capita in the ited States during the year ending June 30, 1921. This might well give rise to the racterization of the almond as a luxury, and the strongest argument against a protive tariff for American almond growing could not brand the schedule asked as a upon the mass of the American consuming public, even if the import duties were t to be absorbed by the foreign grower and exporter and the American importer.

CALIFORNIA THE LOGICAL PLACE TO PRODUCE ALMONDS.

National economy of natural resources demands the utilization of adaptable lands points distant from the marketing centers of the country for the production of ncentrated crops of high unitary value, thus tending to equalize transportation and tribution costs as compared with gross products of low value. Only in this way can highest efficiency be secured in the use of the land and of the labor of the procer and his employees. The Nation should, therefore, encourage the production relatively high-value crops, such as almonds, at distant points, as in California, l especially where such distant points are so well suited to their economical duction.

Arguments that the American almond growers should be denied adequate tariff ties because European countries must sell their goods here to pay their debts has its corollary that 5,000 American citizens, who have invested their toil and their ney in the soil, should be put in pawn in Europe's effort to exchange her depreciated rency for sound American dollars. The American almond growers are loath to ieve that a Republican administration will consider an argument so specious.

CONCLUSION.

The almond growers of California, therefore, respectfully and earnestly request that rate on unshelled almonds be raised to 5 cents and on shelled almonds to 15 cents. have from the very start asked for barely sufficient to enable us to continue in siness. From the many expressions of principle and belief enunciated by the ders of the Republican Party in Congress we feel fully justified in asking most nestly that these rates be granted for the most conservative protection of an instry owned and operated by Americans. They feel certain that if the Senate mmittee on Finance recommends their just plea the House of Representatives will ncur.

EXHIBIT A.

Comparative cost of producing almonds in California and Europe.

[All foreign costs figured at 25 per cent of California costs, though actual costs in Europe much le-

	Including interest.		Not including interest.	
	1915	1920	1915	1920
California........per pound..	$0.109	$0.195	$0.066	[illegible]
Europe........do....	.027	.049	.016	[illegible]
Difference........do....	.082	.146	.050	[illegible]

The above figures are based upon the data immediately following.

Average cost of production per acre of all bearing orchards in California.

	1915	1920
Maintenance:		
Pruning	$3.00	[illegible]
Plowing	2.75	[illegible]
Harrowing	.75	[illegible]
Cultivation and weed cutting	3.00	[illegible]
Spraying	3.00	[illegible]
Irrigation	2.00	[illegible]
Handling:		
Harvesting, hulling, etc	20.00	[illegible]
Warehousing (including bleaching), at one-fourth cent per pound	1.75	[illegible]
Miscellaneous expense for maintenance and handling	2.00	[illegible]
Overhead charges (not including interest):		
Taxes and insurance	4.00	[illegible]
Depreciation on working equipment only	4.00	[illegible]
Cost per acre	46.25	[illegible]
Cost per pound	.066	[illegible]
Interest at 6 per cent on valuation of $500 and $600 per acre, respectively	30.00	[illegible]
Total cost per pound	.109	[illegible]

Depreciation on buildings and trees and other unfigured costs are too variable to estimate, but they must come from the profits.

Valuation of land is based upon the conservative value of bare land plus the a[illegible] cost of bringing same to bearing age. The interest charge covers the entire cost [illegible] bringing the orchard to production, as well as the value of the land itself, wh[illegible] latter charge constitutes only one-half of the full interest charge. Even if inter[illegible] on the land should not be allowed in the calculations, certainly interest should [illegible] allowed on the cost of the developmental work necessary to make a producing orchard.

Wages of male farm labor in California.

[From Monthly Crop Reporter, United States Bureau of Crop Estimates.]

	1915	1919	1920	Per cent of increase over 1915	
				1919	1920
Per month:					
With board	$35.00	$66.30	$79.00	[illegible]	[illegible]
Without board	51.00	91.20	107.00	[illegible]	[illegible]
Per day at harvest:					
With board	1.97	3.84	4.50	94.9	[illegible]
Without board	2.47	4.69	5.40	90.0	[illegible]
Per day other than harvest:					
With board	1.55	2.99	3.00	92.9	[illegible]
Without board	2.02	3.90	4.60	93.0	[illegible]
Average				[illegible]	[illegible]

SPANISH COST OF PRODUCTION.

Itemized cost of production, 1918.

[Conversion into dollars made at par value of peseta, 19.3 cents.]

Location.	Item.	Cost in pesetas.		Cost in dollars.	
		Amount.	Per—	Amount.	Per—
gona	Land (average)	500	Hectare.	39.05	Acre.
	Nursery trees (2-year-old grafts)	0.75-1.25	Each	0.145- .2412	Each.
	Harvest labor:				
	Men	3.5 -4.0	Day	.675- .772	Day.
	Women	2.0 -2.5	...do	.386- .4825	Do.
	Not harvest labor:				
	Men	3.0	...do	.579	Do.
	Women	2.0	...do	.386	Do.
pain	Unskilled labor:				
	In villages	1.50	...do	.2895	Do.
	In large cities	3.00	...do	.579	Do.
ria			...do	.35 - .50	Do.
rics	Men	2.0 -3.0	...do	.386- .579	Do.
	Women	1.0 -1.5	...do	.193- .2895	Do.

panish labor cost is from 15 per cent to 20 per cent of California costs in 1915.
panish labor cost is from 10 per cent to 15 per cent of California costs in 1920.
ates per day in Vigo, Spain, at end of the year 1919 for farm laborers: Minimum, 9; maximum, $0.58.

Wages of farm labor in the United States and other countries, 1920.

ted States	per month	$64.95
many	do	6.25
y	do	9.73
France	per day	$1.19
Spain	do	.58
United States (at harvest)	do	4.36

ages in Spain, 13.30 per cent of wages in the United States.

ITALIAN COST OF PRODUCTION.

ages for farm labor in Italy equals 20.75 per cent of cost in United States.

Rates per day (8 hours) for farm labor, March, 1921.

Occupation.	Lire.	United States currency.	Occupation.	Lire.	United States currency.
ing	[1] 30	$1.17	Mowing	20	$0.78
owing	15-20	$0.58- .78	Gathering (men)	16	.62
ing of seed and sowing	6- 8	.23- .31	Gathering (women)	14	.52
ing	9-10	.35- .39	Binding and pressing	25-30	$0.97- 1.17
shing	23-25	.89- .97	By machinery	[2] 3- 6	.12- .23
ping	8- 9	.31- .35			

[1] Oxen furnished by laborer, hay by landowner.
[2] Per quintal.

orking time and overtime fluctuate according to seasons.

Rates per day (8 hours) in the lemon industry, March, 1921.

emon groves:	
Superintendent	$0.97-$1.17
Men	.42- .54
Women and boys	.31- .35
In packing houses:	
Superintendent	$0.74
Men	.70
Women and boys	.23

ata secured from the Bureau of Labor Statistics, of the United States Depart-nt of Labor, further illustrates the differences in labor costs between Europe and United States.

Wage rates of casual day laborers in the Province of Vicenza, agricultural year 1920-

[1 lire at par=19.3 cents. Conversion to dollars on the basis of 1 lire=4.2 cents.]

Month.	Men over 18 to 60 years of age.		Boys over 16 to 18 years of age.		Boys 14 to 16 years of age.		Girls 16 to 18 years of age.		Women over 18 years of age.	
	Per hour.	Per day.	Per hour.	Per day.	Per hour.	Per day.	Per hour.	Per day.	Per hour.	Per day.
	Lire.		*Lire.*		*Lire.*		*Lire.*		*Lire.*	
January	1.30	$0.327	0.97	$0.245	0.65	$0.164	0.65	$0.164	0.78	$0.197
February	1.30	.382	.97	.285	.65	.191	.65	.191	.78	.229
March	1.50	.504	1.12	.376	.75	.252	.75	.252	.90	.302
April	1.50	.504	1.12	.376	.75	.252	.75	.252	.90	.302
May	1.70	.571	1.27	.427	.85	.286	.85	.286	1.02	.343
June	1.70	.571	1.27	.427	.85	.286	.85	.286	1.02	.343
July	1.70	.571	1.27	.427	.85	.286	.85	.286	1.02	.343
August	1.70	.571	1.27	.427	.85	.286	.85	.286	1.02	.343
September	1.50	.504	1.12	.376	.75	.252	.75	.252	.90	.302
October	1.50	.504	1.12	.376	.75	.252	.75	.252	.90	.302
November	1.30	.382	.97	.285	.65	.191	.65	.191	.78	.229
December	1.30	.327	.97	.245	.65	.164	.65	.164	.78	.197

Costs in southern Italy, where almonds are produced, are even less than in north[ern] Italy, in which latter portion the province of Vicenza is located. Labor is be[tter] organized in the north and consequently better cared for and better paid. Th[e] figures given are without board or furnishings of any kind.

Exhibit AA.

THE ALMOND INDUSTRY IN THE MALAGA CONSULAR DISTRICT.

[American Consulate, Malaga, Spain, July 11, 1921.]

The production of almonds in the Malaga consular district must be considered u[nder] two separate heads:

1. The production and cost of the shelled almonds to the grower.
2. The handling and added cost of these almonds after being cleaned, polish[ed], assorted, and packed by the almond exporter ready for shipment.

1. The arroba is the usual standard unit of measure in the almond trade of [the] interior. One arroba equals 11½ kilos, or approximately 25½ pounds.

The entire crop of almonds in this district, both "Jordan" and "Valencia," a[re] all shelled by hand right on the farm where they are grown. They are cracked b[y] hand; the only implement used for this task is a flat stone held between the kne[es of] the sheller, who is seated, and a small bar of iron or smaller stone used as a hammer.

There are practically no paper shelled almonds produced in this region. Th[e] almond trees are found both along the coast and in the interior. The tree blossom[s in] January and February and the nuts are ripe by July. They are then knocked o[ff] of the tree with sticks or poles and left on the ground in order to dry the husk and [...] preparatory to shelling.

Only shelled almonds are known and traded on the local market.

There are no agricultural statistics obtainable here with reference to this cr[op] which, as a rule, is not a staple one. Formerly every farmer had a few almond tre[es] from 25 to 300, which were grown on hillsides where the soil could produce little e[lse]. During the past seven or eight years the farmers have begun to pay more atten[tion] to this crop, and having observed that they obtained considerable higher prices [for] the larger size almonds, are now usually more careful to prune their trees, white[wash] the trunks, turn up the earth around the roots, and in some instances even ma[nure] the soil where possible.

The almonds from these trees are usually gathered by the farmer or his famil[y in] the off hours of the day during the months of July and August and shelled b[y the] women and children of the family. Where labor is employed to gather the alm[onds] it is usual for a squad composed of one man and three women working together to g[ather] about 20 arrobas, or 230 kilos (506 pounds), of almonds in the shell per day. T[he] women who usually do the shelling shell from 40 to 50 kilos of almonds, which pr[oduce] about 10 to 15 kilos of kernels.

)ne hundred kilos of almonds in the shell produce approximately 25 kilos of kernels. 'he wages paid to adult male laborers in this district are as follows: Expert peons, n who have some practical knowledge of agriculture and can be used as foremen, n 5 to 6 pesetas ($0.63 to $0.75) per day with quarters but no meals; ordinary labor,) to 4 pesetas ($0.44 to $0.50) per day without meals, or 2 pesetas ($0.25) per day found; women, 2.50 pesetas ($0.32) per day without meals; children (supposed to over 14 years of age), 1 to 1.50 pesetas ($0.13 to $0.19) per day. The women are ietimes paid by piecework for shelling. The rate is 4 pesetas ($0.50) per 100 kilos) pounds) of almonds in the shell.

'he legal number of hours constituting a day's work is eight, but the laborers here very deliberate and, excluding the time for meals, cigarettes, and frequent rests, y usually work about five hours a day.

'he almond shells are sold at from 4 to 5 pesetas ($0.50 to $0.63) per 100 kilos (220 inds) to village bakers to be used as fuel. The wages paid agricultural labor is ctically the same during the harvest as at other seasons. During the harvest the icultural laborer obtains more money, because the women and children of his ily are employed.

ccording to various producers one almond tree yields on an average of from 5 to 8 s (11 to 17.6 pounds) of almonds in the shell, depending upon the age of the tree l its size. These trees are usually planted from 140 to 220 per hectare (a hectare is 71 acres), or 56.7 to 89.1 trees per acre. These trees must be pruned and white-hed each year and the earth around them spaded. It is estimated that one expert n with a helper can prune and clean from 20 to 30 trees per day. The value of the d has been variously estimated by private individuals from 300 to 500 pesetas per tare ($15.32 to $25.55 per acre) for the bare land, and from 1,500 to 3,000 pesetas hectare ($76.64 to $153.40 per acre), with from 150 to 200 almond trees (60.7 to trees per acre).

The Spanish land bureau makes a lower estimate—250 pesetas per hectare ($12.77 r acre) for bare land and 1,000 pesetas ($51.08 per acre) for land with 140 bearing es (56.7 trees per acre).

)f the estimated 250,000 arrobas of shelled almonds brought each year from the erior to Malaga, about 85,000 are "Jordans" and the remainder "Valencias." is represents a total crop of 11,500 metric tons of almonds in the shell.

Due to the methods of cultivation and harvesting of this crop, it is almost impossible fix the cost of production. However, it has been variously estimated, taking in nsideration all overhead charges, taxes, interest on investment, exhaustion of soil, or, etc., that each arroba (11½ kilos) of shelled almonds costs the producer from 15 20 pesetas ($0.0748 to $0.0997) per pound.

The kernels are sold by the producer in bulk unassorted as to size.

The prices obtained for shelled almonds by the producers were as follows:

Jordans: 1919 crop, from 50 to 60 pesetas per arroba ($0.25 to $0.30 per pound); 20 crop, from 65 to 70 pesetas per arroba ($0.32 to $0.35 per pound).

Valencias: 1919 crop from 30 to 40 pesetas per arroba ($0.15 to $0.20 per pound); 20 crop, from 35 to 45 pesetas per arroba ($0.175 to $0.225 per pound).

It is impossible to give a correct estimate of the cost of living in Spain. This is espe-lly true in regard to the small agricultural proprietor and farm laborer. The former s made a great deal of money during the last years of the World War and the 18-nth period succeeding the armistice, due to the urgent demand for all his products top prices. But the farm laborer's earnings in Spain did not increase in proportion the ever-increasing cost of articles of prime necessity. Both classes always have en accustomed to a very low standard of living, scant and simple food, few clothes, d poor and insanitary living quarters. The small proprietor has, as a rule, improved farm somewhat with his own earnings and has possibly laid aside a few pesetas weather the succeeding reaction, but the farm laborer finds himself poorer and more contented than ever and endeavors to emigrate to America.

The average earnings of a farmer laborer aided by his wife and children are from 00 to 1,500 pesetas ($126.30 to $189.30) annually.

2. The exporters of Malaga who handle the almond crop consist of one principal m, which handles from 60 to 70 per cent of the crop, and an association of merchants, rmed to control prices, handles from 15 to 25 per cent, and the remainder is exported, a smaller scale, by the various exporters of Spanish products.

The price at which the almonds are purchased from the growers is practically fixed the exporters, but as in the latter years the crop has only been about equal to the mand the producers have been receiving very fair prices, and the exporters, having

the advantage of the premium on exchange on the moneys of the two countries ta[illegible] the greater portion of the crop, have also been very satisfied with their earnings.

The largest of the almond-exporting firms in Malaga employ from 400 to 600 w[illegible] during the almond season, which lasts from August 15 to November 15. This num[illegible] is exclusive of the number of employees packing raisins during practically the sa[illegible] epoch.

The women work by the day, of eight hours, and are paid as follows: Skill[illegible] sorters, 3 pesetas ($0.38); novices, 1.50 to 2 pesetas ($0.19 to $0.25).

An experienced assorter can usually assort 30 kilos of almond kernels per day.

The "Jordan" almonds are assorted exclusively by hand, as their elongate[illegible] renders it impossible to make even the primary operation of segregation accordi[illegible] size by mechanical means.

The "Valencias" are first passed through several perforated hoppers, each w[illegible] different sized perforations, which allow the various sizes of almonds to fall in[illegible] proper receptacle.

The almonds are then poured and spread on a wide movable belt or table sl[illegible] moving between two rows of expert women assorters, who quickly and accur[illegible] make a second and more perfect assortment of the kernels, picking out the va[illegible] larger sizes and dropping them in receptacles placed by their side.

The almonds are now properly assorted as to size and quality, they are then p[illegible] into revolving hollow drums to be cleaned and polished by rotary centrifugal f[illegible] Once cleaned and polished they are packed in wooden boxes lined with oiled pa[illegible] each box containing 28 pounds of shelled almonds, and once the box is strapp[illegible] stenciled it is ready for shipment.

The exporters estimate the actual labor, the cartage, and the cost of packing ma[illegible] at from 3.05 to 5 pesetas per box of 28 pounds of shelled almonds ($0.0137 to $[illegible] per pound). The overhead expenses are variously estimated by several expo[illegible] at 0.50 to 0.60 peseta per box ($0.00225 to $0.00270 per pound) and by others a[illegible] per cent on sales price of almonds.

From one of the exporters the following tabulation of assortment of almonds acc[illegible]ing to size and grades was obtained:

Jordans:	Per cent.
7 crowns (largest size)	3
6 crowns (next largest)	8
5 crowns (medium large)	15
4 crowns (medium)	25
3 crowns (medium small)	12
Gemellos (doubles)	9
Broken	3
Refuse	5
2 crowns (medium small)	20

Valencias:	Per c[illegible]
6 crowns (largest size)	[illegible]
5 crowns (next largest)	[illegible]
4 crowns (medium large)	[illegible]
3 crowns (medium)	[illegible]
2 crowns (small)	[illegible]
Gemellos (doubles)	[illegible]
Broken	[illegible]
Refuse	[illegible]

The almonds sold by the producers are, of course, unassorted and are sold by we[illegible] only, and it is the exporter who assorts, cleans, and packs them.

Exports of shelled almonds from Malaga, Spain, during the past five years

Year.	To all countries.		To the United [illegible]	
	Metric tons.	Pounds.	Pounds.	[illegible]
1916	2,063	4,546,852	2,873,338	[illegible]
1917	1,120	2,468,480	2,183,639	[illegible]
1918	2,116	4,663,664	2,982,597	[illegible]
1919	3,027	6,671,508	3,821,341	[illegible]
1920	2,281	5,027,324	2,821,075	[illegible]

The outlook for the 1921 crop is good.

Conversion to dollars made at 1 peseta = $0.1262, the rate prevailing on the [illegible] of this report, as recorded by the Federal Reserve Board.

ALMOND INDUSTRY IN VALENCIA CONSULAR DISTRICT.

[From Consul John R. Putnam, Valencia, Spain, July 6, 1921.]

Mr. Henry W. Carey, American consular agent at Alicante, has submitted the fol- lwing report concerning production conditions in the almond industry, covering ich information as he has been able to obtain. Mr. Carey is an important shipper f almonds.

An almond tree costs from the day it is planted until the day it produces—about ve years—approximately 20 pesetas.

Wages paid per day of eight hours are: Male, 5 pesetas; female, 2.50 pesetas; ildren, 2.50 pesetas.

Wages paid for different kinds of agricultural labor vary considerably, but what is nerally paid in the Alicante district is: Male, 9 pesetas; female, 4.50 pesetas; ildren, 4.50 pesetas.

Cost of living can be given at about 3 pesetas per day per person.

The value of bare land can be calculated at about 800 to 1,000 pesetas per hectaria 471 acres), and when planted to almonds at about 2,000 pesetas.

The prevailing method of shelling almonds is by hand, costing about 14 centimos r kilogram, 100 kilograms in shell give about 23 kilograms of kernels.

The principal varieties of almonds grown in the district are Planeta, Comuna, stana, and Marcona, the two first being grown in larger quantities.

Exhibit B.

Gross returns to growers in California.

Year.	Total pounds unshelled.	Returns to grower members.	
		Total amount.	Per pound.
14	2,261,250	$310,544.34	$0.1376
15	4,239,117	455,665.83	.1075
16	4,236,034	591,846.04	.1397
17	5,272,325	750,869.84	.1424
18	5,738,703	1,137,059.86	.1982
9 (estimated)	10,744,129	1,919,500.00	.1786
0 (estimated)	8,708,020	1,226,600.00	.1408
Average			.1551

These figures were secured directly from the books of the California Almond Growers cchange and can be verified to the last figure, with the exception of the crops for e years 1919 and 1920.

Unfortunately, the books have not been completely closed for the two last years ing to the inability of the exchange to sell their entire crop in competition with the eap almonds coming in from abroad. These figures, however, are based upon turns actually secured up to the present time on those which have been sold, adding those amounts the estimated returns on the balance of the crop on the basis of such les as have been recently made. Actually, growers have to date received only ents on Drakes and similar varieties, constituting over 65 per cent of the crop, and cents on Nonpareils and similar varieties (this for the 1920 crop).

Some varieties of almonds sold for higher prices than those indicated, and some sold lower prices. These represent, however, the actual returns on the almonds livered by the growers to the exchange and do not represent any costs such as ansportation, marketing, etc.

EXHIBIT C.

Comparative freight rates, American and trans-Atlantic.

To New York from—	Before the war.	During the war.	Present rates, July, 1919.	Quoted by—
Genoa	75 shillings per ton	No rate obtainable	180 shillings per ton	Pierce Bros. & Co.
Barcelona	$3 to $5 per ton	$45 per ton	$12 to $15 per ton	Manuel Diaz & Co.
Bilboa	do	do	do	Do.
Havre	No rate obtainable	No rate obtainable	120 francs per 2,204 pounds.	French Line.
Bordeaux	$18 per ton	$5.50 per 100 pounds.	60 cents per cubic foot, or $1.25 per 100 pounds.	Cosmopolitan Steamship Corporation.
Marseille	No rate obtainable	No rate obtainable	130 francs per 1,000 kilos.	Fabre Line.

Many ships carry almonds as ballast on the western trip for almost nothing, bare[illegible] sufficient to pay the loading and unloading charges.

Freight rates from California to all points east of Denver, in carload lots, per 1[illegible] pounds: Unshelled, $2.40½; shelled (in boxes), $3.00¾; shelled (in bags), $4.51¼.

These figures represent a very actual part of the cost of marketing almonds fro[illegible] California. They are not figured, however, in the difference in the cost of productio[illegible] between California and Europe, nor are they used as a basis for requesting a readju[illegible]ment of the tariff rate as indicated.

It is evident that the proposed tariff rate is justified even without the considera[illegible] of this important factor.

EXHIBIT D.

Old World production.

[The best available statistics concerning European production are those of Don Manuel Vines de C[illegible] professer "La Escuela Superior de Comercio de Baleares."]

	Metric tons.		Metric tons.
Italy (Bari)	110,000	France	5,[illegible]
Sicily	70,000	Algeria	2,[illegible]
Spain	75,000	Asia Minor	2,[illegible]
Persia	20,000		
Morocco	20,000	Total	320,[illegible]
Portugal	15,000		

Metric ton amounts to 2,204 pounds.

California production by years, 1900–1920.

Year.	Tons.	Pounds.	Year.	Tons.	Pounds.
1900	2,740	5,480,000	1911	1,450	[illegible]
1901	1,500	3,000,000	1912	3,000	[illegible]
1902	3,270	6,540,000	1913	1,100	[illegible]
1903	3,200	6,400,000	1914	2,250	[illegible]
1904	800	1,600,000	1915	3,500	[illegible]
1905	2,100	4,200,000	1916	3,400	[illegible]
1906	750	1,500,000	1917	4,000	[illegible]
1907	750	1,500,000	1918	5,100	[illegible]
1908	2,900	5,800,000	1919	7,250	[illegible]
1909	1,500	3,000,000	1920	5,500	[illegible]
1910	3,300	6,600,000			

EXHIBIT E.

ESTIMATED ACREAGE IN CALIFORNIA.

Acreage in California almonds at the present time is estimated at well over 100,000, f which over 50,000 acres have never borne any nuts.

That acreage which has reached commercial bearing is in all probability at the resent time not more than 35,000, and probably less. It is evident, therefore, that roduction within the next few years will reach at least 30,000,000 pounds, and probly much more.

This increase in acreage is due to the stabilization of marketing competition, owing the formation of the California Almond Growers Exchange, coupled with the straordinary demand due to the unprecedented prosperity accompanying the war eriod.

Practically all of the increased plantings have been made since 1910, and no noticeable increase in tonnage was secured until after 1915. With highly stimulated markets e gradual increase in production was not difficult to market in the shell before the ose of the holiday season. With a reasonably good market thousands of people roughout the United States have invested in almond orchards in the West, as have any California growers. Unfortunately, perhaps, the average man who invests in almond orchard or who plants an orchard does not understand all the factors that ay make the industry profitable or unprofitable in the future. He looks at the past d compares it with the present, as far as his data may permit him to do so, and if looks good he figures it will continue to get better, so he proceeds to plant. Perhaps is fortunate that he does so, for if he did not there would be no new industries in is country to protect, except such as were fortunate enough to have no competition om outside.

EXHIBIT F.

SHELLING PERCENTAGES.

The following record of Government tests of shelling percentages of California nonds explains itself and shows that a given weight of whole nuts will yield less an 33 per cent kernels:

Cracking tests by machine method of 12 leading commercial almond varieties.

Variety.	Nuts put through cracking machine.	Weight of kernels, whole and broken, actually obtained.	Kernels (whole and broken) actually obtained.	Weight of nuts in sample which did not crack.	Weight of kernels of nuts not cracked, computed on column 3.	Added for kernels in nuts which did not crack.	Total kernels, including nuts which did not crack in machine.
	Pounds.	*Pounds.*	*Per cent.*	*Pounds.*	*Pounds.*	*Per cent.*	*Per cent.*
ke	100	35.25	35.25	3.75	1.32	1.32	36.57
as	100	35.00	35.00	4.00	1.40	1.40	36.40
den State	100	31.00	31.00	11.00	3.41	3.41	34.41
Plus Ultra	100	41.00	41.00	4.50	1.84	1.84	42.84
npareil	100	38.50	38.50	9.87	3.80	3.80	42.30
rless	100	30.75	30.75	4.00	1.23	1.23	31.98
	100	46.00	46.00	3.00	1.38	1.38	47.38
dshell	100	19.00	19.00	4.25	.81	.81	19.81
relling	100	26.00	26.00	4.50	1.17	1.17	27.17
eka	100	27.50	27.50	16.75	4.60	4.60	32.10
tuer	100	21.50	21.50	6.50	1.40	1.40	22.90
lan	100	17.00	17.00	22.00	3.74	3.74	20.74

Average per cent of kernels of the 12 commercial varieties, exclusive of the nuts cracked by the machine, 30.71.

Average per cent of kernels of the 12 commercial varieties, including the nuts not cked by the machine, 32.88.

EXHIBIT G.

Analyses of foreign[1] and domestic almonds.

[By M. E. Jaffa, professor of nutrition, University of California.]

Name.	Water.	Ash.	Protein.	Fat.	Fiber.	Nitr[illegible] fre[illegible] extra[illegible]
Sicily	5.57	3.34	21.18	54.47	2.77	[illegible]
3 Crown Bull Valencias	3.72	3.08	20.92	52.23	2.71	[illegible]
Medium Jordan	3.58	3.18	22.40	53.05	2.71	[illegible]
Large Alicante	3.82	3.00	21.88	54.53	2.33	[illegible]
Medium Avola	3.42	2.93	20.57	59.42	1.95	[illegible]
Nonpareil	4.20	3.36	23.54	54.14	2.02	[illegible]
California Paper Shell	6.55	3.48	24.07	52.30	2.57	[illegible]
Princess	6.52	3.38	22.84	54.59	2.22	[illegible]
Kings Soft Shell	9.79	3.01	22.37	55.81	2.51	[illegible]
Ne Plus Ultra	4.17	3.03	22.75	55.92	2.40	[illegible]
IXL	4.65	3.06	21.88	53.64	2.39	[illegible]
Reams	5.50	3.52	20.22	56.62	2.63	[illegible]
Drake	8.37	3.38	26.25	53.78	2.39	[illegible]
Jordan	3.41	3.17	26.78	49.34	2.37	[illegible]
Peerless	6.63	3.37	25.47	52.32	2.30	[illegible]
Harriot	3.73	3.33	22.23	54.98	2.22	[illegible]
Llewellyn	7.50	3.35	24.33	51.92	2.38	[illegible]
Languedoc	4.68	3.74	25.75	48.90	2.34	[illegible]
Texas Prolific	4.51	3.14	24.24	54.25	2.20	[illegible]
Average domestic	5.74	3.31	23.72	53.49	2.56	[illegible]

[1] Only shelled nuts received.

The data presented is interesting in showing that there is no material differe[illegible] nutritionally between the domestic almond and the imported article.

The water percentage of the imported article is lower than that yielded by t[illegible] home product, but it may be that the former was somewhat dried out before [illegible] received the sample, inasmuch as said samples consisted only of the kernel, wh[illegible] the domestic product was furnished in the shell, and therefore any loss by evapora[illegible]tion of moisture in the kernel was prevented.

There is practically no difference between the average percentage of ash in [illegible] foreign and domestic. The difference between the two averages is 0.2 of 1 per [illegible] The maximum registered for the foreign is 3.34, while the maximum registered [illegible] the California is 3.74; the minimum percentage for the foreign is 3 and for the dom[illegible] 3.01 per cent.

The protein content differs more than any other, and the difference is decid[illegible] in favor of the California article, in that the average protein for the foreign is [illegible] per cent, with a maximum of 22.40 per cent and a minimum of 20.57 per cent [illegible] corresponding figures for the home product are: Average, 23.7 per cent; maxim[illegible] 26.78 per cent; minimum, 20.22 per cent. It will be noticed that the average f[illegible] California rates more than 2 per cent higher than for the foreign.

The nitrogen free extract is represented by a higher percentage in the case [illegible] foreign nut than in the domestic. As the amount of starch in the almond is [illegible] and the availability of other nitrogen free extract compounds is not as great a[illegible] starch, the lower percentage noted for the domestic article is really an advanta[illegible]

The caloric value is almost identical, being 2,860 for the foreign almonds as [illegible] 2,800 for the domestic.

It must also be remembered that we are averaging the analyses of 5 variet[illegible] foreign almonds while we are averaging 14 varieties of California almonds.

It is true that there is a slight difference in the average fat content in fav[illegible] foreign nut, but an examination of the individual varieties or kinds shows th[illegible] general run of both domestic and foreign are about the same. In fact, the [illegible]mestic varieties that are below the general run are the two varieties that were [illegible]nally brought here from Spain and France, viz, Jordan and Languedoc. [illegible] out of line with the general average are thrown out, the average fat content is in [illegible] of the domestic almonds.

EXHIBIT H.

Actual and possible revenue to Government from almond imports.

1914–1920, inclusive, as a whole:	
37,195,697 pounds, at 3 cents	$1,115,870.91
125,924,918 pounds, at 4 cents	5,036,996.72
Total actual revenue	6,152,867.63
37,195,697 pounds, at 5 cents	1,859,784.85
125,924,918 pounds, at 15 cents	18,888,737.70
Total possible revenue	20,748,522.55
an average year (1914–1920):	
5,312,671 pounds, at 3 cents	159,380.13
17,989,274 pounds, at 4 cents	719,570.96
Total actual revenue	878,951.09
5,312,671 pounds, at 5 cents	265,633.55
17,989,274 pounds, at 15 cents	2,698,391.10
Total possible revenue	2,964,024.65
enue actually lost, 1914–1920, inclusive	14,595,654.92
enue actually lost for average year	2,085,073.56

EXHIBIT I.

orts of almonds, shelled and unshelled, into the United States, 1900–1920, inclusive.

[Note the increased importations from the year 1900–1901.]

FISCAL YEAR.

Year.	Pounds.	Year.	Pounds.	Year.	Pounds.
1901	5,140,232	1904–5	11,745,081	1908–9	11,029,421
2	9,868,982	1905–6	15,009,326	1909–10	18,556,356
3	8,142,164	1906–7	14,233,613	1910–11	15,522,712
4	9,838,852	1907–8	17,144,968	1911–12	17,231,458

CALENDAR YEAR.

Year.	Unshelled.		Shelled.	
	Pounds.	Value.	Pounds.	Value.
	5,767,765	$639,707	13,580,697	$3,739,067
	4,753,525	494,141	10,114,901	2,970,229
	2,776,073	261,066	13,078,966	3,423,373
	4,875,473	523,099	16,700,794	4,232,358
	4,455,533	508,619	18,326,914	4,608,822
	6,149,374	947,761	21,544,757	5,731,630
	7,482,538	1,305,167	28,007,908	10,582,179
	6,703,181	1,017,984	18,150,588	6,768,926

Exhibit J.

California crop production.

	Raw land.			Developed la[nd]	
	High.	Low.	Usual.	High.	U[sual]
Almond	$300	$100	$150	$800	[illegible]
Apple	600	150	200	1,000	[illegible]
Apricot (with water)	400	150	200	1,200	[illegible]
Cherry	800	200	600	2,000	[illegible]
Fig	300	100	150	800	[illegible]
Grape (raisin)	300	150	150	400	[illegible]
Grape (table)	300	25	100	500	[illegible]
Grape (wine)	300	50	150	400	[illegible]
Lemon	1,200	250	500	4,000	[illegible]
Olive	300	75	150	1,000	[illegible]
Orange	1,200	200	500	4,000	[illegible]
Peach	300	100	150	600	[illegible]
Pear	400	150	200	2,000	[illegible]
Plum	600	150	250	800	[illegible]
Prune	500	150	300	1,000	[illegible]
Walnut	1,200	250	400	2,000	[illegible]
Alfalfa	250	75	150	400	[illegible]
Asparagus	300	100	200	400	[illegible]
Barley	250	40	125		
Beans	400	75	150		
Beans (Lima)	1,500	200	400		
Hay	100	40	60		
Hops	1,000	300	400	1,000	[illegible]
Onion	600	200	350		
Potatoes	400	100	250		

Exhibit K.

The Bank of Esparto,
Esparto, Calif., July 6, 19[2]...

Mr. T. C. Tucker,
Manager California Almond Growers' Exchange.

Dear Sir: I have before me yours of June 29, and in reply beg to say tha[t] ... attitude of the Bank of Esparto is just as it has been from the start—perfectly ... and ready to do anything we can for the almond growers in our section and the as[so]ciation or exchange that is in our power. But owing to the shortage of crops and ... price of products of every kind and the failure on the part of the various excha[nges] and associations operating in this section, we find a difference in deposits betw[een] the highest and lowest levels during the year of more than $216,000 in the little ... of Esparto.

Is there any wonder that we have reached the limit? We have been trying to ... help from the associations and exchanges all this time, and just hanging on b[y the] "skin of our teeth," hoping they would make payments to the farmers that would ... us relief; but instead of advances in money some of them paid them in notes ... expected the bank, that was carrying all the load that it could possibly carry, to [con]tinue to put up when the limit of human endurance had been reached. It t[ook] three weeks to get rid of these notes, and only then by our becoming responsib[le] to the having them charged back to us when they were due. Our borrowing li[mit] has long since been reached, and we are now only existing through the leniency of ... superintendent of banks, with a limit on that privilege. When we borrow mon[ey we] have to have a limit on it, and it has to be met when due. When the farmer com[es to] us for money, and we ask him when he can meet it, he is up against it and can ... say, "I hope to be able to meet it some time in the 'Sweet by and by.'" The[n we] give him the money if we have it and wait and wait as we are still waiting for the ... end of the 1919–20 crops, with the expense of harvesting another staring us in the f[ace] with no promise as to when relief will come.

Then we are asked what out attitude is regarding advances to farmers. Our ... crops in this section are almonds and barley, and when they fail we are simpl[y] ... against it. No one can say that the almond crop, both as to yield and price as ... up to the present time, was not a failure. No one can realize more than the ... what everyone interested in the marketing of farm products has been up aga[inst] ... and I have not entered a complaint but, as a matter of fact, have talked and ...

ıny a man in line that would have otherwise drawn out in disgust. We would ıdly advance the farmer more money if we could, but it simply is not here to adnce. They are beginning to come to us now and ask where they are going to get ›ney to harvest. What can we tell them? We have no money to advance. If ur association could deposit in our bank the amount to meet the needs of the growers, would be only too glad to distribute it around where it was most needed.

We have a fair barley crop, and if the farmer would sell it would give us temporary ief, but it is worth only about a cent a pound, and when it cost him about that one n hardly expect him to sell just now.

Trusting you may see our position and not leave the impression that the local bank uld and should take care of his wants. We have many notes in our pouch that ould have been met and was promised out of 1919 and 1920 crops, with nothing finite as to their payments.

If you have any solution of the problem and can assist us as well as the farmers, we uld like to hear from you.

Very truly, yours,

M. O. WYATT, *President.*

EXHIBIT L.

SENATE JOINT RESOLUTION NO. 24 OF THE LEGISLATURE OF CALIFORNIA.

Whereas, The production of almonds constitute one of the basic industries of the ate of California, which State has demonstrated that she is capable of producing monds in sufficient quantities to meet all the demands of the United States;

Whereas, In order to properly protect this industry a tariff on almonds, which are incipally imported from the cheap labor sections of Europe, Asia, and Africa, is cessary if this industry shall not perish;

Whereas, The present tariff on almonds is wholly inadequate for such protection: ow, therefore, be it

Resolved by the senate and assembly, jointly, That the Legislature of the State of lifornia hereby memorializes Congress to provide such a tariff on imported almonds will equalize the cost of production and marketing between the home grown and ported product; and be it further

Resolved, That California's Senators and Representatives in Congress be, and they e hereby, urged to use all honorable means to secure the adoption of such a tariff; d be it further

Resolved, That the secretary of the senate be, and she is hereby, instructed to rward copies of these resolutions to the Secretary of the Senate of the United States, each member of the Committee on Ways and Means of the House of Representatives, each member of the United States Tariff Commission, and to each of California's enators and Representatives in Congress.

C. C. YOUNG, *President of the Senate.*
HENRY W. WRIGHT, *Speaker of the Assembly.*

Attest:

FRANK C. JORDAN, *Secretary of State.*
By FRANK H. CORY, *Deputy.*

ALMONDS, FILBERTS, AND WALNUTS.

[Paragraphs 754, 755, and 758.]

TATEMENT OF G. W. R. WALLACE, CHICAGO, ILL., REPRESENTING THE ASSOCIATED SHELLED NUT INTERESTS.

Mr. WALLACE. I represent the associated shelled nut interests, ith headquarters at Chicago, and will ask permission to file a brief ith some memoranda within the next few days. I shall only now ccupy two or three minutes to bring out some points.

Senator MCCUMBER. Very well.

Mr. WALLACE. We are asking that the rates of duty on almonds, oth unshelled and shelled, shall be for the unshelled 3 cents a pound nd for the shelled 6 cents a pound.

The reason for that request is this: We are not opposed to th protective theory, especially where, as with peanuts, the imported nut and the domestic nut are alike in character; but where there is a difference in character and where the character of the article is suitable for particular purposes, then we believe that any duty that should originate with your committee should be merely for revenue.

Shelled almonds are used almost entirely by manufacturing confectioners and bakers. There is, of course, a small sale in the retail confectionery stores, but the great majority of them are used in the manufacture of confectionery of different sorts and by bakers.

The California almond is not and will not be used by the manufacturing confectioner for one very good reason, and that reason is that the California almond does not have the almond flavor and its fiber, its construction, is too woody to permit it to be used in the manufacture of confectionery.

These attributes of flavor and structure in the imported almond are suitable in an unusual degree for the purpose of manufacturing confectionery and for bakers.

The rate of duty on the shelled almond should not be so high as to exclude the shelled almond, and it may be so high that it would exclude it, because the confectioner realizes, as well as the baker, that there is a limit to the price that he can get for his product, and as one of my predecessors here said, any little bit added always makes a little bit more, and it would be impossible for him to sell his product if the rate of duty was so high that the imported nut could not come in; and he could not and would not use the American nut for the same purpose.

The rate of duty asked on the unshelled nut we are not particularly interested in, because the American nut unshelled brings more in the American market than the imported nut; and the imported nut unshelled, especially almonds and walnuts, forms a very small proportion of the total amount imported. They are mostly imported shelled.

This is true of the walnuts, also, and more especially is it true because the California walnut is the best walnut that is grown anywhere in the world. There is no walnut that can compete with it. They can get such a price for it in the shell that it would not pay them to take the shell off and sell it as a shelled walnut.

The imported nut is not as good. It has not as soft a shell. It would not be as easy for you and me to sit at a table, as we can with the California nut, and crack them in our hands.

Senator DILLINGHAM. You say that the California walnut is superior to all others, and the almond is not?

Mr. WALLACE. Yes, sir; it is just the reverse of the almond. The reason for the shelled walnut being imported is because they are inferior nuts and can be shelled at a price which the confectioners can pay and use the shelled walnut.

In regard to the proportion in the rates between the unshelled and the shelled, I remember reading, when the bill was introduced in the House, that the Tariff Commission had found that, scientifically, there were approximately 3 pounds of unshelled nuts used to make 1 pound of nut meats; and then in some of their calculations in the hearings before the Ways and Means Committee they used 3 pounds, and in some others they used 4 pounds and in one other

ulating their output, they tabulated the shelled at 50 per cent. I do not really know exactly whether three to one or two to one uld be absolutely accurate. But if you will look at the prices at ich these nuts, unshelled, are sold and the prices at which the lled nuts are sold, you will find that the ratio should be nearer to one than three to one.

fter all, they are really separated, so that while I do not pretend be a scientist myself in that regard, I have had some experience h five different tariff laws, and I think it has been shown in the t that the specific rate ascertained and put in the law has been nded not on some scientific thing, but on the value that the helled nut represents and the value that the shelled nut represents. have figured on the percentage of duty that you wanted and have made a specific rate.

he Payne-Aldrich tariff bill had on almonds 4 cents a pound, helled, and 6 cents a pound on the shelled. So far as the unled are concerned, we do not care really whether you put it at r 4 cents. It will make very little difference. There is only a small proportion of almonds or walnuts that are imported in the l, anyhow, and the domestic producers of unshelled almonds get good a price, with the exception of one brand of imported, as is ived on the imported goods. That one brand, the Jordan ond, is not sold to any very appreciable extent in the shell. s sold practically exclusively shelled. It comes in boxes 28 nds to the box and is used in the higher class of trade.

he smaller Sicily almond has the flavor and the texture, but has the appearance—and after all, we Americans look at the appearance when we are buying something. It can be and is used in making ond paste, to which it gives the almond flavor and the softness the desirability in taste and in feeling in your mouth that the ond paste must have.

ith your permission I will file a brief later, and I thank you for r courtesy.

EF OF G. W. R. WALLACE, REPRESENTING THE ASSOCIATED SHELLED NUT INTERESTS.

SHELLED ALMONDS.

s well established that the domestic almond is not suitable for use in the manufac- f confectionery and in the production of bakery goods for natural reasons, and the mption of shelled almonds by these industries forms practically the entire et therefor. The imported almond, on the other hand, has both the almond r and the structure required.

e sale of unshelled almonds for general consumption is largely controlled by the stic producers, and takes so large a part of that production that the limited nd for domestic shelled almonds is supplied by the shelling of culls and nuts wise undesirable for sale in the shell.

read on page 1969 of the hearings before the Ways and Means Committee, Part Schedule F, Schedule G, and Schedule H, a statement by Mr. G. W. Pierce to the that the almond industry has developed four or five hundredfold in the last 10 That is three years under the Payne-Aldrich tariff law, act of 1909, with duty ents per pound and 6 cents per pound on the unshelled and shelled almonds, and years under the existing law, with its 3 cents and 4 cents per pound duty, inng a year or two war period of some diminished foreign competition; and yet, in of the vast increase in the domestic almond industry, only about one-half of 1 ent of the domestic crop has been sold shelled. (Statement of Mr. T. C. Tucker, 1971, hearings before the Ways and Means Committee.) It can only be true that atural characteristics of the domestic almond, rendering it unfit for manufacturing

purposes, prevented a much larger proportion of the domestic almond being sold
used by manufacturers.

No rate of duty that could be devised would render the domestic almond suita
for manufacturing purposes, and therefore an excessive rate would only result in
restriction of the use of the shelled almond and would not materially enhance
market for the domestic shelled almond.

The market quotations demonstrate that the domestic shelled almond is offered
sale at less than the imported almond, and yet there is only a fraction of 1 per cent
the domestic production sold shelled. The following prices are taken from the
York Journal of Commerce, page 12, issue of August 31, 1921:

Imported:		California:	
Valencia	35@36	Nonpareils (medium size)	
Jordan	58@75	IXL	
Alicante	37@48	Dipping	
		Drakes (medium size)	

The unshelled almonds sold as follows on the same date, August 31, 1921:

Imported:		California:	
Cartagena	16½	I X L	
Tarragona	17	Ne Plus Ultra	[illegible]
Ivica	13	Nonpareil	
French, hard shell	9@9½	Languedoc	
		Drakes	

It will be observed that the California almond, unshelled, brought prices rang
from 16 cents per pound to 27 cents per pound, while the imported unshelled almo
were sold for prices ranging from 9 cents to 17 cents per pound. Under conditi
like these the great increase in the domestic almond industry took place, an
almond was produced that seemed to have found a ready market, in the shell,
that protection by high rates of duty has not been found necessary. Any
duty, therefore, that is provided would of necessity be for revenue. The mem
of this association are for the most part interested in the greater development
market for almonds, whether domestic or imported, as their business is in part
buying and selling of almonds, and the larger the demand the greater their bus
and they are naturally opposed to anything that will serve to lessen demand or
the market. They believe that any rate of duty higher than has heretofore ex
either on the shelled or unshelled almonds, will inevitably lessen the deman
therefore restrict the market.

SHELLED WALNUTS.

Much that has been said above as to almonds is equally true of walnuts.
domestic walnut, as has been said, is the best that is grown, but the selling p
the walnut in the shell is so favorable that there is little, if any, advantage in sh
for the market. The imported shelled walnut is one which could not be sold in
petition with the domestic walnut if in the shell and is therefore worth less th
domestic walnut unshelled. These imported shelled walnuts are of good fla
structure and readily adapted to manufacturing confectionery, etc.

The increase in the domestic production and sale of walnuts seems to have
paralleled that of the almond industry, as from an output of 9,600 tons in 191
of over 28,000 tons in 1919 an increase of over three hundredfold is shown.
other hand, while the imported walnut shows an increase in actual quantity imp
yet the proportion of imported walnuts to the total of sales in the United
shows a reduction. For example, in 1910 the domestic production was less th
importation, but in 1919 the domestic production and sales were 28,100 tons
perad with 22,391 tons, an excess of approximately 6,000 tons in favor of the d
producer. It is difficult to understand, therefore, just why any additional prote
needed or desirable under circumstances such as these. At the prices pre
however, the demand gives evidence of being curtailed, and unless prices
reduced rather than advanced a still further lessening of demand will occur.
domestic production would not be benefited by any materially increased
duty, as a lessening demand naturally results in a restricted market; and as t
mestic producer, under present conditions, is able to dispose of all he prod
attractive prices, we are therefore convinced that the rates of duty at present
vailing, viz, 2 cents per pound for unshelled walnuts and 4 cents per pound on
walnuts—or not to exceed the rates in the act of 1909, viz, 2½ cents on unshell
5 cents on shelled walnuts—should be incorporated in the forthcoming tariff

[S]TATEMENT OF E. B. HUTCHINSON, MONTCLAIR, N. J., REPRESENTING DRIED FRUIT ASSOCIATION OF NEW YORK.

[M]r. HUTCHINSON. I live in Montclair, N. J. I am manager of shelled nuts and confectioners' supply department of Birdsong [Bro]s., New York City, and I am representing the Dried Fruit Asso[ciat]ion of New York with reference to paragraphs 754, 755, and 758, [refe]rring to almonds, filberts, and walnuts, both shelled and un[shel]led, and I am here particularly to protest against the enormous [rate]s of duty advocated before you gentlemen by the California [gro]wers.

[Se]nator SMOOT. Are you interested in dried fruit?

[M]r. HUTCHINSON. No, sir. That was an error in the schedule. [I ju]st want to point out, with reference to these demands of Cali[forn]ia, that under their own showing they have sold 60 per cent of [the] total quantity of almonds in the shell that were marketed in [this] country, and have also sold and marketed 70 per cent of the [walr]nuts in the shell that were marketed in this country. In con[nect]ion with their request for further increases of duty I want to [refer] to the testimony given by Mr. Tucker before the Ways and [Mea]ns Committee, as shown on page 1908 of the record. In answer [to a] question he said:

> [In] normal times paper-shell almonds brought 35 cents a pound in the shell, 25 [cents] per pound for the seedling variety, which represents the major portion of our [crop]. The average last year, during the war and war conditions, was about 47 cents [a pou]nd for paper shell and 35 cents a pound for seddlings.

[La]ter on Mr. Tucker testified with reference to the cost of pro[duci]ng almonds, as shown on page 1909 of the record, as follows:

> [Th]e University of California gave their estimate of the cost of producing the 1920 [crop a]t approximately 16 cents per pound in the shell.

[Be]tween 16 cents per pound and his statements of 35 and 47 [cent]s there is an enormous profit somewhere, and I submit that [the] argument for enormously increased duties is unwarranted.

[Th]is is a long subject, and I have a brief which I will ask permis[sion] to submit. What I want to do is to call a few salient points [to y]our attention.

[To] show the greediness of California in contending for this largely [incre]ased duty on a product which up to the present they are not [able] to produce—I refer to shelled almonds and shelled walnuts—[the g]rowers ask for a duty of 12 cents per pound on shelled walnuts [and] 15 cents per pound on shelled almonds. These goods are en[tirel]y different in character from the nuts in the shell and are sold [to a]n entirely different trade.

[Se]nator McCUMBER. You say they do not raise the shelled wal[nuts] commercially?

[Mr]. HUTCHINSON. For the purposes I have mentioned they are [not] known commercially. The shelled almonds they produced [last] year, under Mr. Tucker's own statement, was one-half of 1 per [cent] of the crop.

[Se]nator McCUMBER. Maybe I misunderstood you. You mean the [shell]ed product?

[Mr]. HUTCHINSON. Yes, I am speaking of the shelled product.

[Se]nator McCUMBER. Not the entire production?

Mr. HUTCHINSON. No, not the entire production. The po[illegible] I want to bring out is that these shelled goods are practically [illegible] raw material of bakers, manufacturing confectioners, almond pa[illegible] manufacturers, bread and cake bakers, biscuit and cracker man[illegible] facturers, blanchers, salters, and similar industries, just as m[illegible] raw material to them as flour or sugar, because it enters into [illegible] product in combination with those articles.

In regard to almonds, the manufacturering confectioners [illegible] their allied industries that I have mentioned have in the past [illegible] deavored to use California almonds, but they found they could [illegible] get a good product, one suitable to the trade, and the reason [illegible] that they found the California almonds were fibrous and lacking flavor. I have the authority of Mr. Henry Heide, of New York, w[illegible] is a large manufacturer of almond paste, as well as confection[illegible] to state that his company some time ago bought a quantity of [illegible] fornia almonds for the purpose of making a thorough test, and [illegible] had to sell on the market the majority of what he bought, and w[illegible] he did use he could only do so in conjunction with 90 per cen[illegible] the foreign imported almonds.

Now, gentlemen, the point that I want to bring up to you is [illegible] to produce 1 pound of shelled almonds it is necessary to have [illegible] pounds of almonds in the shell. California sold practically all [illegible] almonds in the shell last year. There were between ten [illegible] eleven million pounds. The importation of shelled almonds [illegible] 27,543,521 pounds. In order to arrive at a determination of [illegible] comparative volume with the California product it is necessar[illegible] multiply that by three. Therefore we get a result of importa[illegible] of shelled almonds, but in terms of almonds in the shell, of 82,63[illegible] pounds. In other words, there were eight times the quanti[illegible] shelled almonds imported as California produced last year; they [illegible] now asking you to put a duty of 15 cents a pound on these she[illegible] almonds when they can not produce them. They might be able [illegible] produce them in 7 to 10 years if they would plant trees now. [illegible] would think it doubtful whether they could produce any such qu[illegible] tity. Where are they going to get the capital to-day to plant [illegible] trees for that quantity? On the surface it is plain that their [illegible] mands are absurd. It looks like the fable of the "fox and the grap[illegible] There is a big trade here, and they can't get it. They haven't [illegible] quality or the quantity. Yet they want it, and so they want to m[illegible] the consumer, the people of the United States, pay a big incre[illegible] duty simply to satisfy their spleen.

I am not going to talk further on almonds. Yes; there [illegible] other point I want to mention. In the shelled almonds it is ne[illegible] sary for importers to go to the various countries of the world [illegible] course, we get them from Europe, but we do not get almonds of [illegible] same type, quality, and description from every place. We have [illegible] to Andalusia, Spain, for a certain almond, the sweetest almond kn[illegible] used for table purposes. They are known as the Jordan al[illegible] There is no such thing as the Jordan almond grown in Calif[illegible] We have to go to the Alicante district of Spain for a certain alm[illegible] used very largely in confectionery. We have to go to the dis[illegible] Valencia for the Valencia almonds; and to Majorca for the Ma[illegible] almonds. The almonds used in the manufacture of chocolate [illegible]

rs come from the Island of Majorca. The Beraude almonds are gely used for table use and for blanching and salting, and are proced in the Province of Provence, France. Then the Avola almonds ed by manufacturing confectioners are produced in the Island of ily. They are used for salting and small sizes for chocolate coat. The Aetna almonds also come from Sicily, and are used by unufacturing confectioners. The Palma and Girghenti almonds o come from Sicily, and are used by bakeries, confectioners, and ocolate-almond bar manufacturers. The Bari almonds come from Puglia district of Italy and are similar to the Palma and Girenti almonds. The Cretan almonds are produced on the Island of ete, a Grecian island. The Canary almonds come from the Portuese Canary Islands. Each grade has its own particular use. Each of them is distinct. You can not obtain one grade except in that ticular place. You can not go to Italy and get the Jordan alnds, and you can not go to Spain and get the Palma and Girnti or the Aetna or the Bari or the Avola almonds.

This, for 20 years, has been a highly technical business. We porters have had to know just what our customers' requirements re. They often did not know where to go themselves for these nonds, and we have had to seek them in these countries I have ntioned. We did not find them in California. If they are there, have no prejudice against California. It is an American State, l we are Americans, and we do not want to go abroad if we can get m in this country.

Senator McLEAN. When was that statement made as to the cost of ing almonds in California?

Mr. HUTCHINSON. That is on page 1909 of the record before the ys and Means Committee. It says:

he University of California gave their estimate of the cost of producing their 1920 at approximately 16 cents per pound in the shell.

Senator McLEAN. 1920?

Mr. HUTCHINSON. 1920. That is Mr. Tucker's testimony. I do know what date the statement was issued.

Senator McCUMBER. Your time is up. I would suggest you make ir statement as brief as you can.

Mr. HUTCHINSON. I would like to say a few words in regard to nuts, and then, if you will permit me, I will file this brief, which es it in detail.

Senator McCUMBER. Very well.

Mr. HUTCHINSON. In shelled walnuts the importations were about 00,000 pounds. That was in the year 1920. It is necessary to 4 pounds in the shell to produce 1 pound of shelled walnuts. it makes a total of 80,000,000 pounds of walnuts in the shell. latest statistics indicate that California produced in 1919, the y year I could gather statistics for, 56,496,000 pounds. That clusively shows that for these manufacturing purposes, California ld not commence to supply the need. Now, California asks a y of 12 cents a pound on these shelled walnuts, and they can not ply the quantity, even if they could supply the quality, which y can not do. They claim they can, but the manufacturers, who w better than I do, tell me they can not obtain the same results n the California goods. I am going to leave now the subject of nuts.

On shelled filberts, there are none grown here commercially. In fact, they do not enter as a factor at all.

Therefore, the only question for you to consider, gentlemen, in placing the rate of duty, is what will bring the greatest revenue from them. The recommendation of the committee of the dried fruit association on the duties in these various paragraphs are as follows:

In paragraph 754, almonds—almonds in the shell 4 cents per pound, shelled almonds 6 cents; paragraph 755, filberts—filberts in the shell 3 cents per pound, shelled filberts 6 cents; paragraph 758, walnuts—walnuts in the shell 3 cents per pound, shelled walnuts 6 cents.

These figures will give almost a 50 per cent increase over and above the present rates, and are practically the same as those contained in the Payne-Aldrich bill. I don't think they will interfere with the volume of the importations. Therefore, they will not affect the Treasury receipts. In fact, they will enhance the Treasury receipts by the amount of this 50 per cent. What I wish to point out is that excessive rates of duty will undoubtedly tend to lower importations and will decrease revenues to the United States.

BRIEF OF E. B. HUTCHINSON, REPRESENTING THE DRIED FRUIT ASSOCIATION OF NEW YORK.

ALMONDS.

The quantity of almonds produced in California in the year 1918, as shown page 1954, Tariff Information, 1921, Bulletin No. 17, was 10,200,000 pounds. The importation of almonds during the year 1919, as shown by the United States Bureau of Statistics of Imports, was 27,543,521 pounds shelled almonds, and 7,482,538 pounds unshelled almonds. As a method of comparison it is necessary to arrive at a figure as denominated under the term of "almonds in the shell," and for this purpose we multiply the quotation of shelled almonds by 3 (on the ratio of 3 pounds almonds in the shell to produce 1 pound of shelled almonds), which gives us a total of 82,636;563 pounds, to which add the importations of almonds in the shell, 7,482,538 pounds, giving a grand total of importations of 90,119,101 pounds, based on the denomination of "almonds in the shell."

This indicates that there was imported into this country at least eight times the quantity of almonds that were produced in California in the year 1918, consequently the consumers of the United States, if an increased duty was imposed, would be subjected to heavily increased prices for their raw materials and simply for the benefit of a few comparatively small producers in California.

In addition, the larger consumption (over 90 per cent) of shelled almonds is by consumers east of the Mississippi River.

These shelled almonds are used mainly by manufacturing confectioners, chocolate manufacturers, almond-paste manufacturers, bread and cake bakers, biscuit and cracker manufacturers, blanchers, salters, and similar industries, and, due to the variety of their products, they need a very large variety of these goods, varieties which are only obtainable in certain countries and which have not been produced in California and from experiments which have been made it appears it would be impossible to produce in that State: For instance:

Jordan.—There are about 1,500,000 pounds of this grade imported annually into the United States, and they are used chiefly for table purposes (being known as the best flavored almonds grown), also for blanching and salting, and also by confectioners for the manufacture of what is known as "sugar-coated Jordan almonds." These almonds are grown in the Province of Andalusia, in Spain, and it has been impossible to produce them elsewhere.

Alicante.—There are about 2,000,000 pounds of this grade imported annually into the United States and they are used chiefly in the manufacture of candies and confectionery, for chocolate coating. The largest sizes are also used for blanching, roasting, salting, etc. These are grown in the Province of Alicante, in Spain, and can not be produced elsewhere.

Valencia.—There are about 3,500,000 pounds of this grade imported annually into the United States. These almonds are used principally in the grocery trade, which sells them to the general public for the making of almond cakes. They are especially

large demand by the Hebrews, with whom it has been a custom to make such s for their various religious holidays. They are produced in and near Valencia, in.

ajorca.—There are about 2,000,000 pounds of this grade imported annually into United States. They are mainly used by the manufacturers of chocolate-almond , which is a well-known, very large industry. They are produced in the Balearic nds.

raude.—There are about 75,000 pounds of these almonds imported annually into United States. They are used chiefly for table use, and also for blanching and ng, and are produced in the Province of Provence, France.

rola.—There are about 700,000 pounds of this grade imported annually into the ed States. These are used mainly by manufacturing confectioners for chocolate ing. The larger sizes are also used for blanching and salting and are in particu- good favor for this purpose, because of their flatness, and, also, the skins being render them easily blanched. They are produced in the island of Sicily.

ma.—There are about 2,000,000 pounds of this grade imported annually into the ed States. They are chiefly used by the manufacturing confectioners for choc- coating and chocolate dipping, and also for topping, the larger sizes also for ching and salting. These are likewise produced in the island of Sicily.

lma and Girghenti.—There are about 4,000,000 pounds of this grade imported ally into the United States. These almonds are used chiefly by manufacturers ocolate-almond bars and by manufacturing confectioners and biscuit manufac- s, also by bakers, and they are also retailed through the grocers to the consuming ic. These are also produced in the island of Sicily.

ri.—There are about 7,000,000 pounds of this grade imported annually into the ed States. They are used chiefly by manufacturers of chocolate-almond bars, by cake bakers and bread bakers. They are produced in the Puglia district of

tan.—There are about 500,000 pounds of this grade imported annually into the ed States. They are used largely by manufacturing confectioners and also by rs and allied industries. They are a product of the island of Crete (Greece).

nary.—There are about 1,000,000 pounds of this grade imported annually into nited States. They are used by manufacturing confectioners and bakers. They rown in the Canary Islands (Portuguese).

ere are also a large number of almonds produced in other countries than those named.

is a well-established fact that these various varieties can not be produced in rnia, and it is well known that the California product is of a fibrous nature and ng in flavor, and they have been trying to produce shelled almonds for commer- urposes for the last 25 years, but without success to the present time, and for eason manufacturers of confectionery and cakes have found it impossible to use their business.

the argument submitted by the California growers they have claimed additional ction, so that the present uncultivated lands in that State may be utilized for rowth of almond trees, and they claim that such trees would commence to bear n from two to three years. This has been positively contradicted by experience, has shown that almond trees do not bear fruit before they are at least of five ven years' growth. We urge, therefore, that it would be a burden to a very number of consumers in the United States, which is practically the entire general c, if additional import duties be imposed.

Californians also mention the amount of capital invested in their almond rds and approximate the same as $50,000,000 and the number of persons em- d as 50,000 during the harvest season, which is presumably not more than two s, and 5,000 for the remainder of the year. This is stated on page 2004 of the ony given by Mr. Pierce before the Ways and Means Committee.

against this investment, we would point out that the manufacturing confec- s and chocolate manufacturers have an estimated capital invested in their sses to the amount of $250,000,000 and employ 120,000 people all the year . These figures do not include about 75,000 small retailers, very many of manufacture candy in a small way and employ from two to five people in each The baking industry has a capital of about $500,000,000 and employs about 0 people all the year round. The biscuit and cracker manufacturers have an ed capital of about $100,000,000 and employ about 50,000 people all the year

We now beg to refer to the testimony given before the Ways and Means Comm on January 25, 1921, "Tariff Information, 1921, Bulletin No. 17," by Mr. T. C. Tu representing the California Almond Growers Exchange.

On page 1907 Mr. Tucker stated that he represented about 85 per cent of the We presume he meant of the California growers. He furthermore stated that th in California in 1920 was about 5,500 tons; that is, equal to about 11,000,000 p in the shell.

We submit to the committee that the importations of almonds during the yea were 90,119,110 pounds, as shown by the United States Statistical Department indicates that there was imported into this country in the year 1920 at leas times the quantity of almonds that was produced in California in the sam We therefore call to the committee's attention that, inasmuch as California pro only one-ninth of the amount of almonds consumed in this country, it would n right that the large number of consumers of these goods should be penalized b imposition of a very heavy additional import duty.

We furthermore submit that if the additional duties are imposed, it will result very large decrease in the quantity of almonds which will be imported, and as a sequence, the United States Treasury will not receive the equivalent in duties th expected if Congress anticipates that imports will continue as before.

In connection with this subject, we would also mention that in our opini resultant decrease in the importation would have a tendency to place out of em ment a very large number of people who now are employed in the confectioner baking and allied trades.

Furthermore, the witnesses for the California Almond Growers' Associatio tried to convey the impression to Congress that the imposition of an addition would not affect the cost of almonds to the consumer.

This is absurd, in view of the testimony given by Mr. Tucker and shown 1908 as follows:

"In normal times paper-shell almonds brought 35 cents a pound in the she cents per pound for the seedling variety, which represent the major portion crop. The average last year, during the war and war conditions, was about 47 c pound for paper-shell and 35 cents a pound for seedlings."

At the ratio, which they state is 3 pounds of almonds in the shell to produce 1 p of shelled almonds, the price of shelled almonds to the California growers wou three times the above; in other words, from 75 cents to $1.05 per pound in n times, and, on the basis of the prices that obtained last year, it would be from per pound to $1.41 per pound for shelled almonds.

The average price of imported shelled almonds to the manufacturing ind which use them was, last year, not more than 30 cents per pound.

The question is raised whether it is wise to impose this additional cost upon th sumption of food products, of which almonds constitute an important part, and as to whether this increase would not lead to practical substitution, and conseq the elimination of almonds from a large part of bakery and confectionery pr

With further reference to the prices obtained for the California almonds in th as above mentioned, we beg to refer to page 1909, in which Mr. Tucker stated

"The University of California gave their estimate of the cost of producing th crop at approximately 16 cents per pound in the shell."

It is very evident that if the goods were sold to consumers at from 35 cents per to 47 cents per pound, there was an enormous profit to the growers, and they not need any further protection.

On page 1908 Mr. Tucker testified:

"We have sold a few shelled almonds on the Pacific coast, our sales being pr one-half of 1 per cent of our total cost." (A typographical error, as it probabl "crop.")

On page 2005 Mr. Pierce stated in his testimony:

"The present existing law has put us out of the shelled-almond business."

It is evident from Mr. Tucker's testimony that to all intents and purposes th fornians were never in the shelled-almond business, as they acknowledged th output has been infinitesimal. Why, therefore, should the very large num consumers of shelled almonds be penalized for what, after all, is only a poss we would say, very improbable) future benefit to Californians, and certainl benefit that they would derive at the present time, as they acknowledge th have not got the yield.

In passing, we would point out that the very large quantity of shelled a imported shows that these are necessities of the manufacturing confectioners a other industries which we have previously mentioned, and can practically sidered as part of their raw material.

r large demand by the Hebrews, with whom it has been a custom to make such s for their various religious holidays. They are produced in and near Valencia, in.

ajorca.—There are about 2,000,000 pounds of this grade imported annually into United States. They are mainly used by the manufacturers of chocolate-almond , which is a well-known, very large industry. They are produced in the Balearic nds.

raude.—There are about 75,000 pounds of these almonds imported annually into United States. They are used chiefly for table use, and also for blanching and ng, and are produced in the Province of Provence, France.

ola.—There are about 700,000 pounds of this grade imported annually into the ted States. These are used mainly by manufacturing confectioners for chocolate ing. The larger sizes are also used for blanching and salting and are in particu- r good favor for this purpose, because of their flatness, and, also, the skins being , render them easily blanched. They are produced in the island of Sicily.

tna.—There are about 2,000,000 pounds of this grade imported annually into the ted States. They are chiefly used by the manufacturing confectioners for choc- e coating and chocolate dipping, and also for topping, the larger sizes also for ching and salting. These are likewise produced in the island of Sicily.

lma and Girghenti.—There are about 4,000,000 pounds of this grade imported ually into the United States. These almonds are used chiefly by manufacturers hocolate-almond bars and by manufacturing confectioners and biscuit manufac- rs, also by bakers, and they are also retailed through the grocers to the consuming lic. These are also produced in the island of Sicily.

ri.—There are about 7,000,000 pounds of this grade imported annually into the ted States. They are used chiefly by manufacturers of chocolate-almond bars, by cake bakers and bread bakers. They are produced in the Puglia district of y.

etan.—There are about 500,000 pounds of this grade imported annually into the ted States. They are used largely by manufacturing confectioners and also by ers and allied industries. They are a product of the island of Crete (Greece).

anary.—There are about 1,000,000 pounds of this grade imported annually into United States. They are used by manufacturing confectioners and bakers. They grown in the Canary Islands (Portuguese).

here are also a large number of almonds produced in other countries than those ve named.

is a well-established fact that these various varieties can not be produced in fornia, and it is well known that the California product is of a fibrous nature and ing in flavor, and they have been trying to produce shelled almonds for commer- purposes for the last 25 years, but without success to the present time, and for reason manufacturers of confectionery and cakes have found it impossible to use their business.

the argument submitted by the California growers they have claimed additional ection, so that the present uncultivated lands in that State may be utilized for growth of almond trees, and they claim that such trees would commence to bear t in from two to three years. This has been positively contradicted by experience, ch has shown that almond trees do not bear fruit before they are at least of five even years' growth. We urge, therefore, that it would be a burden to a very e number of consumers in the United States, which is practically the entire general lic, if additional import duties be imposed.

he Californians also mention the amount of capital invested in their almond ards and approximate the same as $50,000,000 and the number of persons em- yed as 50,000 during the harvest season, which is presumably not more than two ths, and 5,000 for the remainder of the year. This is stated on page 2004 of the imony given by Mr. Pierce before the Ways and Means Committee.

s against this investment, we would point out that the manufacturing confec- ers and chocolate manufacturers have an estimated capital invested in their inesses to the amount of $250,000,000 and employ 120,000 people all the year nd. These figures do not include about 75,000 small retailers, very many of m manufacture candy in a small way and employ from two to five people in each e. The baking industry has a capital of about $500,000,000 and employs about ,000 people all the year round. The biscuit and cracker manufacturers have an ested capital of about $100,000,000 and employ about 50,000 people all the year nd.

We now beg to refer to the testimony given before the Ways and Means Committ on January 25, 1921, "Tariff Information, 1921, Bulletin No. 17," by Mr. T. C. Tuck representing the California Almond Growers Exchange.

On page 1907 Mr. Tucker stated that he represented about 85 per cent of the cr We presume he meant of the California growers. He furthermore stated that the in California in 1920 was about 5,500 tons; that is, equal to about 11,000,000 pou in the shell.

We submit to the committee that the importations of almonds during the year 19 were 90,119,110 pounds, as shown by the United States Statistical Department. Th indicates that there was imported into this country in the year 1920 at least eig times the quantity of almonds that was produced in California in the same ye We therefore call to the committee's attention that, inasmuch as California prod only one-ninth of the amount of almonds consumed in this country, it would not right that the large number of consumers of these goods should be penalized by t imposition of a very heavy additional import duty.

We furthermore submit that if the additional duties are imposed, it will result a very large decrease in the quantity of almonds which will be imported, and as a co sequence, the United States Treasury will not receive the equivalent in duties tha expected if Congress anticipates that imports will continue as before.

In connection with this subject, we would also mention that in our opinion t resultant decrease in the importation would have a tendency to place out of emplo ment a very large number of people who now are employed in the confectionery a baking and allied trades.

Furthermore, the witnesses for the California Almond Growers' Association h tried to convey the impression to Congress that the imposition of an additional d would not affect the cost of almonds to the consumer.

This is absurd, in view of the testimony given by Mr. Tucker and shown on p 1908 as follows:

"In normal times paper-shell almonds brought 35 cents a pound in the shell, cents per pound for the seedling variety, which represent the major portion of crop. The average last year, during the war and war conditions, was about 47 cen pound for paper-shell and 35 cents a pound for seedlings."

At the ratio, which they state is 3 pounds of almonds in the shell to produce 1 po of shelled almonds, the price of shelled almonds to the California growers would three times the above; in other words, from 75 cents to $1.05 per pound in nor times, and, on the basis of the prices that obtained last year, it would be from $ per pound to $1.41 per pound for shelled almonds.

The average price of imported shelled almonds to the manufacturing indu which use them was, last year, not more than 30 cents per pound.

The question is raised whether it is wise to impose this additional cost upon the sumption of food products, of which almonds constitute an important part, and as to whether this increase would not lead to practical substitution, and consequ the elimination of almonds from a large part of bakery and confectionery pro

With further reference to the prices obtained for the California almonds in the as above mentioned, we beg to refer to page 1909, in which Mr. Tucker stated

"The University of California gave their estimate of the cost of producing th crop at approximately 16 cents per pound in the shell."

It is very evident that if the goods were sold to consumers at from 35 cents per p to 47 cents per pound, there was an enormous profit to the growers, and they sur not need any further protection.

On page 1908 Mr. Tucker testified:

"We have sold a few shelled almonds on the Pacific coast, our sales being pr one-half of 1 per cent of our total cost." (A typographical error, as it probably "crop.")

On page 2005 Mr. Pierce stated in his testimony:

"The present existing law has put us out of the shelled-almond business."

It is evident from Mr. Tucker's testimony that to all intents and purposes th fornians were never in the shelled-almond business, as they acknowledged tha output has been infinitesimal. Why, therefore, should the very large num consumers of shelled almonds be penalized for what, after all, is only a possib we would say, very improbable) future benefit to Californians, and certainly benefit that they would derive at the present time, as they acknowledge that have not got the yield.

In passing, we would point out that the very large quantity of shelled alm imported shows that these are necessities of the manufacturing confectioners a other industries which we have previously mentioned, and can practically be sidered as part of their raw material.

We have the authority of Mr. Henry Heide, New York City, who is a large manu-'turer of almond paste, as well as confectionery, to state that his company and one ier large company manufacturing chocolate products combined would consume as iny almonds as are now produced in California, provided that the quality of the ne was suitable for their purposes, but experience has shown that this is not the case. . Heide states that at one time he purchased some California almonds, but that the icles he manufactured with them were so unsatisfactory, owing to the fibrous nature he nuts, that he was compelled to sell in the market the larger part of the quantity California almonds which he had bought. And he further states that California ionds for manufacturing confectionery purposes could only be used by mixing m with the imported, and then not in excess of a ratio of 10 per cent.

ls corroborative to this matter we quote the following letter:

JULY 12, 1921.

LIFORNIA ALMOND GROWERS' EXCHANGE,
311 California Street, San Francisco, Calif.

iENTLEMEN: To be perfectly frank, your letter of the 6th does not strike a very ponsive chord. The experience of the confectionery trade with California shelled ionds is, we believe, not favorable enough to induce them to make any strenuous rts in their behalf, and we are quite sure that other manufacturers are of the ie opinion.

f California shelled almonds were able to take their place in real competition with foreign almonds, this question of protection would not be as seriously pushed and r sales efforts would have been productive of a larger distribution of shelled almonds he confectionery trade. Whether the factors of flavor and texture can be brought in California almonds to the standard of foreign almonds so that they can be gen-ly used by the manufacturing trades is a question that is undoubtedly interesting . From our own standpoint the California almond is a negligible quantity until in really compete in these two essentials with the foreign almond.

n this basis, as you may see, we are not particularly interested in furthering your is for duty. In fact, we are quite on the other side of the question.

Very truly, yours,

THE WALTER M. LOWNEY CO.
WALTER H. BELCHER, *Vice President and General Manager.*

'e are also authorized to inform you that recently Mr. Heide endeavored to pur-e a small quantity of California shelled almonds for experimental purposes and plied for them to the California Almond Growers' Exchange and was informed that could not supply him, not having the goods on hand.

'e wish to ask what would become of the necessities of the chocolate manufacturers, confectioners, and the other allied trades should an increased rate of duties be osed? Should they be compelled to depend upon California to supply their led almonds to carry on their business all the year round, when California can supply any shelled almonds now?

is in view of the importance of these products to the manufacturers that we ectfully contend that the duty on shelled nuts should not be based on a ratio of e times the duty on nuts in the shell.

n account of the natural growth in the use of these nuts in the bakery and con-ionery trades, it is probable that the total consumption for last year was upward ,000,000 pounds of shelled almonds, which increases the ratio above mentioned bout 10 times. It is hardly consistent, therefore, to penalize the consumers the baking and confectionery businesses for the benefit which might accrue to California yield of one-eighth in volume of the whole consumption in the United es, all of which benefit, if any, would inure to one State only, namely, California, would be paid for by consumers of the other 47 States.

ith reference to the length of time necessary to produce fruit-bearing almond , we quote from page 1955, under the head of "Yield":

Almonds first commence bearing at from 2 to 4 years of age, the first crop ranging one to two nuts up to a hatful or possibly more. The trees would first commence ear a crop which will pay to harvest at from 3 to 5 years of age. Ordinarily it be nearer the latter, depending upon the type of soil in which the trees are growing the moisture conditions surrounding."

om this statement it appears that at least five years would be consumed before of the trees in the almond groves which might be established at the present time d be in such condition as to give any considerable yield. This is not the way rican industries are built. The bakers and confectioners have to be assured at imes that they can get their raw material. California admits that it is not yet in ion to furnish this, and yet is unreasonable enough to request the adoption of

this very unbusinesslike plan of protection of an industry which, by their own ment, does not need protection, and from which they could derive no benefit least five years to come, if then.

We furthermore point out and reiterate that even though California were planting almond trees for the purpose of obtaining a yield in the time mentioned exceedingly doubtful indeed whether they would be able to produce almonds qualities and grades which are needed by the confectioners and bakers' industries.

The following are the statistics of the California almond crop for the years 1920 and of the importation of almonds for the years 1912 to 1919 (as taken from California Fruit News, annual review number, 1920), and the very large quant shelled almonds imported shows conclusively that California has been un supply the requirements of the manufacturing enterprises above enumerated.

California almond crop.

	Tons.		
1900	2,740	1911	[illegible]
1901	1,590	1912	[illegible]
1902	3,270	1913	[illegible]
1903	3,200	1914	[illegible]
1904	800	1915	[illegible]
1905	2,100	1916	[illegible]
1906	750	1917	[illegible]
1907	750	1918	[illegible]
1908	2,900	1919	[illegible]
1909	1,500	1920 (not final)	[illegible]
1910	3,300		

United States imports of almonds (fiscal years).

Year.	Not shelled.	Shelled.	Total.	Year.	Not shelled.	Shelled.	Total.
	Pounds.	*Pounds.*	*Pounds.*		*Pounds.*	*Pounds.*	*Pounds.*
1912–13	2,592,187	13,078,771	15,670,958	1916–17	5,010,833	18,413,225	[illegible]
1913–14	5,730,774	13,307,631	19,038,405	1917–18	4,278,990	19,561,156	[illegible]
1914–15	4,902,713	12,208,551	17,111,264	1918–19	6,733,542	23,594,915	[illegible]
1915–16	2,929,155	13,667,766	16,596,921	1919–20	7,355,804	26,326,245	[illegible]

We suggest that the rates of duty on almonds in the bill now before Congress, graph 754, should be changed to read as follows:

"Almonds in the shell, 4 cents per pound; shelled almonds, 6 cents per pound."

This would give an increased revenue to the United States Treasury and, we would not be a serious burden to the manufacturing industries.

WALNUTS.

The last statistics indicate that California produced in the year 1919 pounds of walnuts in the shell (p. 1743, Tariff Information, Bulletin No. 16).

The quantity of walnuts imported into the United States in the year 10,041,342 pounds of shelled walnuts and 20,235,078 pounds in the shell. As 4 pounds of walnuts in the shell to produce 1 pound of shelled walnuts, it is to multiply the quantity of 10,041,342 by 4 in order to arrive at a basis of com with the output of California. This makes a figure of 40,165,368 pounds, must be added the 20,235,078 pounds imported in the shell, making a grand 60,400,446 pounds.

The shelled walnuts imported into this country in the year 1920 as above several varieties and from various countries, for instance:

Mayette.—There are about 500,000 pounds of this grade imported annually United States. These are known to be the finest flavored walnuts grown and mainly to the household trade through the fancy grocers. They are also used by facturing confectioners and bakers for topping chocolate and fancy cakes. produced in the Grenoble district in France.

Chabert.—There are about 2,500,000 pounds of this grade imported annually United States. They are used likewise by manufacturing confectioners and for topping purposes. They are, as a rule, small in size, and for this reason are ical in use for the purposes mentioned. These walnuts are also used

manufacturers of fruit sirups for retail soda fountain use, and the consumption this purpose is very large. These are also produced in the Grenoble district of nce, and also in the Dauphiné district of France.

Bordeaux.—There are about 10,000,000 pounds of these walnuts imported annually the United States, and they are used mainly for household purposes, being sold the consumers through the grocery trade. They are also used by manufacturing fectioners and by bakers and ice-cream manufacturers. They are a product of southwestern Provinces of France.

Spanish.—There are about 1,500,000 pounds of this grade imported annually into United States. These are similar to the Bordeaux shelled walnuts, and are used similar purposes. They are a product of Catalonia, in Spain.

Turkish.—Owing to the distress caused by the war, there have been comparatively ll quantities imported in recent years, but prior to the war they were imported arge quantities and were sold here for similar purposes as the Spanish and French nuts.

r. Teague, of the Walnut Protective League, states that California walnuts are erior to imported. Why then put a higher duty on an inferior walnut?

10 years production increased two or three times, during which time the cost of fornia walnuts also increased about 30 per cent. With a higher duty California nut Growers' Association would be able to ask the public higher prices with no petition of foreign nuts, and with increased acreage and higher duty and no petition would have a monopoly of the walnut business in this country.

rench.—Cost of importations on French walnuts to-day for 1921 crop is 1,550 to 0 francs c. i. f. New York; figuring exchange at 8 cents, would cost about 58 cents ond; proposed duty, 15 cents; expenses (cost of importation), 2 cents; duty paid, to import, 75 cents per pound.

he consumer and public would be paying $1 a pound for shelled walnuts, a food le.

e ask why should the public be taxed the difference in price for a food article by confectioners and bakers to satisfy an association which can not supply the and for shelled walnuts, and with an increase in duty cut the importation to such xtent that less revenue will be received by the Government?

summary of the brief of the American walnut industry they state increased tariff helled walnuts will not add to price of the consumer. Our answer is, if not, who pay the increased duty?

r contention is increased duty has to be added to the cost price, and naturally increases the cost to the public.

lifornia shelled walnuts to-day are selling at a higher price than imported and not supply the demand for walnuts in this country.

e ask, then, why should shelled walnuts pay a higher duty to allow an association mand from the public even higher price and cut off revenue from the Govern- t?

r contention is that the importation of walnuts will not increase, as during the great many walnut trees were cut down, especially in France, for the manufac- of gun stocks, and the consumption of walnuts for home use in France has increased, by increasing the price considerably.

ES TO STATEMENTS MADE BY C. THORPE, REPRESENTING THE WALNUT PROTECTIVE LEAGUE.

. Thorpe stated that the American producers are supplying 70 per cent of the total mption of walnuts used in America. This statement is not correct, as statistics ate California produced in 1919 56,496,300 pounds walnuts in shell, against the importation of 60,400,446 pounds. Mr. Thorpe stated he speaks of English uts. Such a walnut is not grown, but walnuts are grown on the Continent of pe.

. Thorpe states the imports for 1920 were over 38,700,000 pounds. Where does t his figures from when the season for importation of 1920 is not yet over and will s over until October 1, 1921? This statement, therefore, is incorrect, as 1920 crop s can not yet be obtained.

Thorpe stated a tree has to be 10 years old before it reaches profitable produc- -15 to 20 years before it reaches full bearing. Does he expect the American r and the manufacturer to wait, say, 15 years until California can produce suffi- walnuts (shelled principally) and in the meantime ask that the public be made igher prices through advance in duty until such time arrives that California can lly supply the demand of the American public at a reasonable price?

Furthermore, Mr. Thorpe asks for higher rate of duty because of increased pro-duction, for protection to a monopoly. Increased production should be for lower prices to the consuming public and not higher by an increased rate of duty for which the consuming public has to pay for protection to an association or so-called trust.

Under date of September 9, 1920, Messrs. Wood & Stevens (Inc.), representing the California Walnut Growers Association, stated in their circular as follows:

"We can not remember a year when the early fall demand for California walnuts did not greatly exceed the supply. It is our prediction that this year will be no exception, for the association reports that the California crop will be at least 10 days later than normal in maturing. Thus, right up to Thanksgiving, California walnuts in this market should command a material premium over the opening."

Why then a higher rate of duty on shelled walnuts when the demand can not be supplied by California?

We submit herewith proof of letter from the J. Hungerford Smith Co., of Rochester, N. Y., who are large manufacturers of soda fountain requisites, and one of the largest users of walnuts in the United States.

AUGUST 12, 1921.

BIRDSONG BROS.,
Hubert and Washington Streets, New York.

GENTLEMEN: We are very much interested in your letter of August 11 regarding shelled walnuts. If, as we assume is the fact, the trade generally has been as much affected by the advance in price as we have been it is perfectly clear to us that there will be very few sold at the present prices. In fact, our sales have been so light that the writer is almost inclined to consider the wisdom of selling part of our nuts at this time and it may be that you will hear from us further on this subject.

With best wishes for your success in avoiding an increase in the tariff, we remain,

Very truly, yours,

J. HUNGERFORD SMITH CO.,
R. H. ROGERS, *Purchasing Agent.*

Mr. Thorpe stated that for their best grade of walnuts they receive 22½ cents. It is not correct, as for their best grade of walnuts in shell, which is their fancy budded grade, the opening price of the California Walnut Growers' Association for their 1920 crop was 25½ cents, and price was made on October 1, 1920.

We also wish to call your attention to the fact that it is rumored that the California Walnut Association in naming their price for the 1921 crop will be even higher in price than the prices made by them in 1920 on account of no carry over of the 1920 crop. They take advantage of this situation by asking the public a higher price, having everything their own way, or, in other words, a monopoly on walnuts grown in this country. Why, then, should there be this higher proposed duty?

The attached circular No. 1, 1921 season of the California Walnut Growers' Association, dated July 15, 1921, is very illuminative.

They quote from a letter received by them from their foreign representative outlining the condition of the walnut crop in the Bordeaux district of France, in which he states:

"I was unprepared for the reality which is almost in the nature of a calamity; walnut trees in all this section of the country are, with rare exceptions, in a very pitiful state. The majority carries little or no fruit, and on an average every bearing tree is counterbalanced by nine at least in bad shape."

And then later he further states:

"I do not think that this year the American producer will have much to fear from the competition of France, for, as far as I can judge at present, the crops all over the country will not much exceed half the normal output. I am led to this conclusion, first, because two-thirds of the trees are practically unproductive; second, because the remaining third, though well provided with fruit, is losing part of it by premature droppings from the effects of late frosts and early morning mists, particularly in mountain valleys and lowlands; and third, because the stocks of nuts left over from last year, according to all reports, are about exhausted; that is to say, of a quality suitable for exportation—a rare occurrence and a remarkable feature of the late campaign."

We point out to the committee that these are statements issued as above stated in circular of the California Walnut Growers' Association.

The following are the statistics of the California walnut crop for the years ... 1920 and of the importation of walnuts for the years 1912 to 1920, as taken from California Fruit News, annual review number, 1920:

California walnut crop.

	Tons.		Tons.
[illegible]	5,430	1911	12,500
[illegible]	6,900	1912	11,250
[illegible]	8,570	1913	11,350
[illegible]	5,500	1914	8,900
[illegible]	7,590	1915	14,825
[illegible]	6,400	1916	14,600
[illegible]	7,000	1917	16,500
[illegible]	7,400	1918	19,950
[illegible]	9,200	1919	28,100
[illegible]	9,350	1920 (not final)	20,500
[illegible]	9,600		

United States imports of walnuts (fiscal years).

Year.	Not shelled.	Shelled.	Total.	Year.	Not shelled.	Shelled.	Total.
	Pounds.	*Pounds.*	*Pounds.*		*Pounds.*	*Pounds.*	*Pounds.*
[illegible]13	16,291,313	10,371,128	26,662,441	1916–17	25,666,844	13,058,518	38,725,362
[illegible]14	28,267,699	8,928,029	37,195,728	1917–18	12,133,510	11,155,660	23,289,170
[illegible]15	22,338,348	11,107,490	33,445,838	1918–19	3,240,979	7,695,651	10,936,630
[illegible]16	22,630,220	14,228,714	36,858,934	1919–20	27,278,039	17,504,531	44,782,570

his shows that California increased their production 500 per cent between the years and 1919, and the largest increases have been since the operation of the present f act (1914 to date).

there any real basis for their assertion that they need additional protection?

e suggest that the rates of duty on walnuts in the bill now before Congress, parah 758, should be changed to read as follows:

Walnuts in the shell, 3 cents per pound; shelled walnuts, 6 cents per pound."

SWERING ARGUMENTS OF THE CALIFORNIA WALNUT PROTECTIVE ASSOCIATION.

Quotation of Wood & Stevens does not state what grade of walnuts offered or how or poor sample was."

tter to C. Thorpe: "We contend a great deal of merchandise held by banks ng the months of December and January last had to be sold at best obtainable s, and this is particularly true of far eastern products, and really did not show market values."

tter to C. Thorpe from Wood & Stevens: "Our contention is walnuts sold at aucby Brown & Siccomb are usually sold for underwriter's account or walnuts carover from one season to another which jobbers do not wish to handle, and really s for goods sold at auction do not show market values on walnuts any more than other article sold at auction."

st of labor.—On page 1960, under the heading of "Wages of male farm labor," they that California paid in 1918 an average wage of $78 per month without board, and the average United States cost of labor at the same period was $47.07 per month out board. This shows a difference in favor of California labor of about 60 per It is certainly pertinent to ask, therefore, why the labor in other States of the n, and which constitutes a large part of the consumers of bakery products, etc., ld be compelled to pay increased prices for their foods to the ultimate benefit e much higher paid California labor?

e increased rate of duty will not add to revenues of the United States Treasury, nportation will be decreased to one-third. Therefore, why should a higher rate ity be placed on shelled walnuts to protect a new development at the consuming ic's expense by placing a duty of 12 cents per pound on shelled walnuts?

. Thorpe stated the importers will tell you that we have been getting outrageous s for our walnuts. Our contention is that the California association has been ng outrageous prices. Furthermore, because 40 per cent of their crop never makes cy grade, we ask, is this a reason for advancing duty on walnuts and making the ic pay for it?

. Thorpe stated they used 4,900 bags in near-by produce plants at 5½ cents, which is, r opinion, a good price for an article used for by-products, the walnuts referred ing evidently unsuitable for eating purposes.

Mr. Thorpe stated they received $5 a ton for charcoal made out of this walnut she
This, in our opinion, is clear profit, as the actual cost of the walnuts in the shell us
to produce shelled walnuts is always figured as so many pounds in the shell to ma
a pound of shelled goods. Consequently, whatever is left for salvage is profit, sh
having already been figured in the original quantity used for shelling.

We would call attention to the fact that California has, in the past, endeavore
produce walnuts of similar quality to the best French walnuts, and to this end
grafted from the Mayette walnut trees to their indigenous growth of walnuts. T
result obtained was a hard-shelled walnut with meat of dark appearance and p
flavor.

[Circular No. 1, 1921 season.]

LOS ANGELES, CALIF., *July 15, 19*

To our trade:

Spot walnuts both from the 1919 and 1920 crops have long since been entir
exhausted, and in harmony with our predictions made shortly after the turn of
year the market continued to materially advance until all spot stocks both in
hands of jobbers and retailers were completely disposed of. Consequently, the
crop will come onto the barest market ever experienced.

Our early prospects were for by far the largest crop of California walnuts ever
duced. In fact, our early predictions were for a 60,000,000-pound production, but
in April frosts played havoc in some of the heaviest producing sections, entirely w
out the crop on some groves, and cutting many others down between 20 and 50 per
of their original setting. However, as the walnut-producing sections of Californ
scattered over a very large area, some districts escaped with little or no frost dam
A complete check-up of the situation leads us to believe that the total frost damage
not exceed 35 to 40 per cent, which will develop a total production of between 90
100 per cent of last year's short crop. In other words, the State will probably
duce thirty-six to forty million pounds.

It will be remembered that last year there was a considerable carry over of
crop goods, both in the hands of the association and in the hands of the trade, w
came into competition with the new crop. This year the situation is entirely dif
ent and there will be no such competition. Also, there was a considerable stoc
imported goods available for distribution last fall which will not be available
season.

The maturity of the California crop will probably average a week to 10 days
this year than last. The average size of the walnuts will probably be a shade sm
than last year, although sizes will average much larger than they did in 1919. So
since April, climatic conditions have been quite satisfactory, and barring the p
bility of an extreme heat wave during the balance of July or August, the cra
quality of the nuts should be exceptionally good. The meats should average p
and light colored.

Foreign prospects are also for a very, very short crop. We quote from a letter
received from our foreign representative under date of June 17:

"I have just returned from the region of Bordeaux where I made an extended s
of the principal walnut growing centers. To say that I was surprised at what
everywhere on my rounds, which embraced over 150 kilometers of territory, do
express in strong enough terms the sensation I experienced. I was dumbfou
I had expected to find that some damage had been done by the inclemencies of
weather which, since the middle of April last, after the long dry spell, has bee
settled and stormy more or less all over France, with brusk changes of tempera
the intermittences of heat and cold, stormy rains—sometimes accompanied by
and sunshine having been generally of short duration, but I was unprepared for
reality which is almost in the nature of a calamity, for walnut trees in all this sec
the country are with rare exceptions in a most pitiful state. The majority
little or no fruit and on an average every full-bearing tree is counterbalanced
nine at least in bad shape. I encountered here and there, it is true, a few prosp
looking trees in full foliage and bearing well, but, strange to say, standing all a
these were sickly looking ones showing signs of decay and slowly perishing.

"The characteristics of the disease, attributed to a cryptogamic origin fo
of better knowledge, that is progressively destroying vast quantities of walnu
all over France, and they may be counted not by hundreds but by thousands
withering of the top and outer branches, the interior ones still carrying a ce
amount of verdure. The aspect of a tree in this condition may be likened to a
with pins stuck all over it. Even young trees, only 8 or 10 years old, and eve
are attacked by the malady, so that the disaster is complete. I wish you could hav

ith me on my rounds; you would have hardly believed your eyes, accustomed as ou probably are to see only trees luxuriant in verdure and fruit. The situation has last aroused to action the competent authorities for I am given to understand that Government commission has been appointed to inquire into existing conditions and try to provide means to stop the progress of the disease which is slowly but surely epopulating the country of the walnut.

"I do not think that this year the American producer will have much to fear from ie competition of France for, as far as I can judge at present, the crops all over the iuntry will not much exceed half the normal output. I am led to this conclusion: irst, because two-thirds of the trees are practically unproductive; second, because e remaining third, though well provided with fruit, is losing part of it by premature oppings from the effects of late frosts and early morning mists, particularly in cerin valleys and low lands; and, third, because the stocks of nuts left over from last ar, according to all reports, are about exhausted—that is to say, of a quality suitable r exportation—a rare occurrence and a remarkable feature of the late campaign.

"I am informed, as a matter of fact, that whereas less than three months ago 'Cornes' d 'Marbots' in the shell were offering at 140 francs per 100 kilos ($5.22 per 100 unds) spot, without freely finding takers, 15 days later they commanded the double th numerous buyers consequent on a brisk demand for the United States which ddenly sprung up after a prolonged 'dead' period. And during the two months at followed shipments of nuts and meats to America were quite important. I must y that in all my experience I have never known of a turn in the market similar to at which has occurred this year, and which has resulted in profit where certain loss is anticipated by many dealers on this side.

"Here in the Isere the outlook for the coming crops is not much more favorable, things considered, than in the region of Bordeaux, for the young nuts, according all accounts, are dropping a little everywhere in appreciable quantities from the er effects of unpropitious weather in April and May. The fruit is now about the e of small olives. In several that I picked up and cut open I could discover no aterial defect except a tendency to wither, which I attribute to want of nourishent."

The policy of the California Walnut Growers' Association has always been to recoge the wishes of its trade in molding its sales policy. In line with this, it was one the first packers to abandon the "firm at opening" contract and the "S. A. P.," d even tentative prices and contracts are not being considered. In fact, at a recent eting in Chicago with the contract committee of the National Wholesale Grocers' sociation, a new form of contract was devised which now carries the official apoval of the National Wholesale Grocers' Association, one of the first coast concts to carry such official indorsement. By the terms of this contract this associan is to accept orders only after opening prices are named about the 1st of October, contention being that by that time the buyer will be in a position to better judge exact requirements and the seller the extent of its pack and the amount which ll be available of each grade and variety. Also under this plan it will be necessary the shipper to name opening prices at such a figure as will develop a strong demand d consequently an advancing market in order that the entire crop may be promptly ved into channels of consumption. Also there should be no excuse for any buyer rchasing an oversupply which, upon delivery, would cause him to become panicky d offer his goods below cost or at prices that would demoralize any local market uation. In fact, we believe we now have a contract which is ideal, at least from buyer's standpoint, and which should enable every jobber to make a fair profit his Diamond brand walnut business.

Our representative, if he has not already done so, will shortly call upon you for ir estimated season's requirements of Diamond brand walnuts. This information l be forwarded to us and be used to guide us in making territorial allotments our estimated crop. Our brokers will be made allotments based on past sales in ir markets, which will insure that each of our customers is offered his proportion our output.

CALIFORNIA WALNUT GROWERS' ASSOCIATION.

[Circular No. 5, 1920 season.]

IMPORTANT NOTICE—PRICE ADVANCE.

LOS ANGELES, *February 15, 1921.*

our trade:

t is a great pleasure to be able to advise our trade that coast stocks of all grades of h 1919 and 1920 crop association walnuts are entirely exhausted, with the exception three cars 1920 crop No. 2s, which will not be offered until next fall.

Our consigned stocks in most markets are also exhausted and where they are not are so small that one day's fairly active business will clean them out.

Price advances of 1 cent per pound have been in effect in New York and a number of other large markets for some time and effective February 25 this advance of 1 cent per pound on No. 1s and fancy budded will be made general everywhere.

It is our sincere advice to our trade in those markets where goods are still available and obtainable that replenishment stocks be taken on immediately. Now is the time that each jobber should see that he has a sufficient supply of Diamond Brand walnuts to last for at least the next 60 days, for when stocks are as closely exhausted as they are now, with several months of heavy consuming period before us, it is certain that the trade can make a better profit on California walnuts now than has been possible for many, many months, and with the association's prices advancing within the next few days, additional market strength is assured.

The very heaviest period of our season's advertising campaign is at hand. We are strongly featuring walnuts as a meat substitute during Lent. Again, the Jewish trade will use a great many walnuts during their Passover season, commencing the 1st of March, and with sugar so cheap that the housewife is making more cakes, candies, and confections than usual (in all of which walnuts are freely used) the demand during the next few months is bound to be much greater than the available supply and there is bound to be a repetition of the situation which existed in the winter and early spring of 1919, when Diamond Brand No. 1s went from 28 to 38 cents per pound. It is absolutely certain that the association's consigned stocks everywhere will be completely exhausted within the next few days and the market then will be what the trade themselves make it.

All foreign walnuts in eastern markets are also well cleaned up, and the price of foreign walnuts has been steadily advancing within the past few weeks. It is a certainty that there will not be a pound of California walnuts carried over into fall, and the new crop is sure to come into the cleanest market ever known.

It is for this reason that we strongly advise our friends to check over their stocks and order the balance of their winter and spring requirements immediately, while offered at the present lowest prices still prevailing.

Sincerely, yours.

California Walnut Growers' Association.

Filberts.

There are no filberts of any appreciable extent grown in the United States, certainly not enough to be considered commercially. The importations are from Spain and from Turkey, and the total quantity imported in the year 1919 was about 3,600,000 pounds. They are used largely by manufacturing confectioners and by bakers, also by manufacturers of chocolate bars.

We suggest that the rates for filberts in the tariff bill now before Congress, paragraph 755, should be changed to read as follows:

"Filberts in the shell, 3 cents per pound; shelled filberts, 6 cents per pound.

Finally, in connection with this subject, we would call attention to the fact that nuts have been recommended by dietitians for increased use as an article of food having been established that they contain very nutritious properties. We would refer, as an authority, to the treatise entitled "Feeding the Family," by Prof. Mary Swartz Rose, Ph. D., Columbia University. On page 344 the following food values are given:

100-calorie portion—Distribution of calories.

	Measure.	Weight.	Protein.	Fat.	Carbohydrate.
		Ounce.			
Almonds............................nuts..	12-15	0.5	13	78	
Filberts..............................do....	8-10	.5	9	84	
Walnuts............................meats..	8-16	.5	11	82	

In view of their value above shown, it would appear to be unjust to the very large numbers of consumers in this country that such valuable articles of diet should be largely increased in price by the imposition of heavy import duties, simply

ıe benefit of the growers in California; and especially does this become apparent hen it is recognized that California is unable to produce almonds, walnuts, or filberts quality equal to those imported from the countries above enumerated. Why ıould the people of 47 States of the Union pay largely increased prices on such aluable food products simply for the benefit of one State (California)?

STATEMENT OF WALTER C. HUGHES, REPRESENTING THE NATIONAL CONFECTIONERS' ASSOCIATION.

Mr. HUGHES. Mr. Chairman, the association which I represent in-ludes 725 manufacturers of candy. It represents about 80 per cent the entire output of the industry in the United States.

We have with us at this hearing our officers and members of the xecutive committee; also Mr. Herman W. Hoops and Mr. William . Heide, of New York City, who are large manufacturers and who ould be glad to answer any questions which the committee may care ask and which I may not be able to answer.

The proposed amendment to the pending tariff bill that was intro-uced by Senator Johnson relative to the tariff on almonds provides ıat almonds, not shelled, shall be at the rate of 5 cents per pound, nd almonds, shelled, at the rate of 15 cents per pound. We consider ıat these rates are unjustifiably and unreasonably high, and the rates e propose on almonds are: Almonds, not shelled, 4 cents, and lmonds, shelled, 6 cents per pound.

Senator SMOOT. Those are the rates you want?

Mr. HUGHES. Those are the rates we want; yes, sir.

Senator WATSON. Let us have those figures again.

Mr. HUGHES. The rates we want are: Almonds, not shelled, 4 cents; lmonds, shelled, 6 cents per pound. The proposed rates, as I said moment ago, are: Almonds, not shelled, 5 cents, and almonds, shelled, 5 cents. The present rate is: Almonds, not shelled, 3 cents, and for lmonds, shelled, 4 cents per pound. That is the duty at the pres-nt time.

The United States Tariff Commission is authority for the statement ıat the world's output of almonds is approximately 725,000,000 ounds and that the exportable surplus is about 200,000,000 pounds, which the United States takes about 40 per cent, or about 80,000,000 ounds.

On the unshelled basis—in considering the tariff we must take into onsideration the unshelled basis, due to the fact that California oes not produce shelled almonds—in 1919, the fiscal year, in round gures, the domestic production was about 10,000,000 pounds, hereas the imports were 76,000,000 pounds.

Senator SMOOT. Of course, the California growers deny that they o not produce the shelled almonds. I do not know whether the her members of the committee have received them, but I have been nt samples to show that the statement is not true.

Mr. HUGHES. I intended, Senator Smoot, to refer to that matter ter on, but inasmuch as you have asked that question, I shall refer it at the present time.

Senator WALSH. You will have to send samples to prove that it is ue.

Mr. HUGHES. I shall be very glad to do that.

Senator MCCUMBER. The almonds raised in California have to be ıelled somewhere before they are used.

Mr. HUGHES. One of our members tried to purchase California shelled almonds a short time ago. That was after a plant in Sacramento had been erected for the express purpose of making shelled almonds, and he sent an order there for the purpose of getting a few bags in order to try them out experimentally. They wrote back and told him they did not have any shelled almonds for sale.

Senator SMOOT. They have closed up their plant, haven't they?

Mr. HUGHES. I could not say, Senator, whether it was closed or not, but my understanding is that it is not now being operated. Under date of August 19, 1921, the California Almond Growers Exchange, at San Francisco, Calif., wrote a letter to Bevan & Co., Malaga, Spain, in regard to almonds, in reply to a letter received from that firm to the effect—and I shall refer only to that portion which has reference to Senator Smoot's question—that they did not deal to any extent in shelled almonds; that their sales are principally for nuts in the shell, very largely consumed during the holiday period.

In all the experiments that have been made by our manufacturers relative to the use of California shelled almonds they have never found them to be satisfactory. As to the crop of 1920–21, the California almonds amounted to 11,000,000 pounds, whereas the imports amounted to 55,000,000 pounds, in round numbers. Therefore the United States produces between 1 and 2 per cent and consumes about 12 per cent of the world's almond crop.

This California Almond Growers' Exchange that I referred to a moment ago markets about 75 per cent of the almond crop; in other words, it regulates prices and controls distribution.

The total California crop during the fiscal year 1919–20 was less than one-fifth of the total amount of almonds that were imported during that fiscal year.

They talk about increasing the almond output. If their production during the next 10 years is increased in the same proportion that it has increased during the past 10 years, in 1929 and 1930 the crop would only amount to about 20,000,000 pounds, which is far short of our requirements.

In this connection I also want to say that it takes approximately seven years for the almond tree to get to the point where it is commercially bearing. It is true that perhaps in four or five years you might get a hat full of almonds off the tree, but so far as what they call profitable production is concerned, it would take in the neighborhood of seven years for a tree to get to that point where it does produce a good crop of almonds.

Senator SMOOT. How long does a tree produce a crop?

Mr. HUGHES. I could not say as to that. I know this, that almond trees bear for a great many years, but just how many I could not say.

With reference to the question of usage, these almonds are used very largely by confectioners—by the bakers, by almond-paste manufacturers, by the biscuit and cracker makers. All these various food industries use the imported shelled almond, as well as the salters of shelled nuts. On account of this varied use to which almonds are put, they require many different types of almonds. There are about a dozen different kinds of almonds that are imported in order to meet the requirements of these various manufacturers of food products. California does not produce these varieties. They can be produced or procured only from the Mediterranean countries that grow the varieties required by the manufacturers.

I referred a moment ago to the question of the possibility of the ıanufacturers using California almonds. Assuming, for instance, hat they can shell them and put them on the market, our manuıcturers have found that when the California almond is shelled it is ot satisfactory for manufacturing purposes for the reason that it ›ses its flavor; it becomes hard and fibrous, and it is not at all satisıctory as compared with the imported almond, which retains its avor and is by far the most satisfactory.

Take into consideration, for instance, the argument that was adanced by the California Almond Growers' Exchange, that this proction is necessary in order to protect the industry—the almond-owing industry—and that they had an investment of approxiately $50,000,000. The industries that use imported almonds have capital investment of about $1,000,000,000. The confectionery dustry alone has a capital investment of about $315,000,000, as shown by the last census. Therefore, we feel that, so far as this lestion of a very high tariff is concerned, it is not necessary for the otection of the home industry and that it is unfair to burden these dustries that use almonds to the extent of imposing a tariff of 275 r cent increase; and it must be remembered that they can not pass at increase on to their customers in the increased cost of the product, r the very reason that the consumers are insisting that prices shall lowered rather than raised at this time. Therefore, it will not be ssible for them to increase their prices. We believe, therefore, at, as indicated a moment ago, with a tariff of 4 cents on almonds the shell and 6 cents on shelled almonds, the rate would be reasonly increased and would serve all purposes so far as the requirements revenue and protection are concerned.

Let me refer to the subject of walnuts for just a moment. The oposed duties on walnuts are: Walnuts, not shelled, 4 cents; walnuts, elled, 15 cents per pound.

For the reasons that I shall refer to hereafter, we recommend that e tariff should be: Walnuts, not shelled, 3 cents per pound; walnuts, elled, 6 cents per pound.

The present import duties on walnuts are: Walnuts, not shelled, 2 ıts per pound; walnuts, shelled, 4 cents per pound.

The same situation prevails with reference to walnuts as with erence to almonds. We have considered them on the unshelled sis in considering production in this country as compared with ports. Therefore, in 1918–19 the domestic production was larger ın the imports; it was 40,000,000 pounds as compared with ,000,000 pounds.

Senator McCumber. Isn't there a loss of about one-third by reason shelling?

Mr. Hughes. They shell 3 to 1, I think. There is some doubt to whether that is——

Senator Smoot. Mr. Hudson testified that it is 4 to 1.

Mr. Hughes. When I said that I had almonds in mind.

Senator McCumber. Let me see if I understand just what you mean 4 to 1. Do you mean 4 pounds of unshelled almonds produce 1 und of the shelled meat?

Mr. Hughes. With almonds it would be 3 pounds in the shell to 1 und of meat.

The domestic production of walnuts in 1920–21 is estimated at 43,000,000 pounds and the imports at approximately 65,000,000 pounds.

The shelled walnuts are used by practically the same class of trade that I referred to relative to the use of shelled almonds—bakers, biscuit and cracker makers, etc.

Imported walnuts are very much more satisfactory than the domestic walnuts for the same reason that the imported almonds are more satisfactory. When the California walnuts are shelled they lose their flavor, the skin gets tough, and other changes occur. They have a bitter flavor and are not at all satisfactory either as to size or flavor.

Senator McCUMBER. They are larger walnuts are they not?

Mr. HUGHES. Yes; they are larger than the imported walnuts.

The Walnut Protective League of California says that it takes 10 years for a walnut tree to reach a profitable bearing stage, and that when it is from 15 to 20 years of age it is in full bearing and bears for a great number of years.

Our reasons, therefore, for asking for these duties on walnuts are that they are not satisfactory for manufacturers to use for manufacturing purposes and that, therefore, the manufacturers use the imported walnuts which are satisfactory for their requirements.

Walnuts, not shelled, should be 3 cents per pound and walnuts shelled, 6 cents per pound.

BRIEF OF WALTER C. HUGHES, REPRESENTING THE NATIONAL CONFECTIONERS' ASSOCIATION.

WALNUTS.

I represent the National Confectioners' Association of the United States, comprising 725 manufacturing confectioners, whose output is about 80 per cent of the total output of the confectionery industry and including manufacturers in every State of the Union.

With me in attendance at this hearing are our officers and the members of our executive committee and several of our largest manufacturers who are members of our association.

They are all large manufacturers and I am sure will be glad to answer any questions which you gentlemen may see fit to ask them.

The import duties proposed on walnuts are as follows: Walnuts, not shelled, 4 cents per pound; walnuts, shelled, 15 cents per pound.

These rates are unreasonably and unjustifiably high, and for the reasons set forth herein we respectfully recommend the following rates: Walnuts, not shelled, 3 cents per pound; walnuts, shelled, 6 cents per pound.

The present import duties are as follows: Walnuts, not shelled, 2 cents per pound; walnuts, shelled, 4 cents per pound.

On an unshelled basis the domestic production and the imports of walnuts for the last three fiscal years as published in the tariff information surveys are as follows:

	Domestic production.	Imports.
1918-19	40,230,000	[illegible]
1919-20	59,091,380	[illegible]
1920-21 [1]	43,000,000	[illegible]

[1] Estimated.

Shelled walnuts are used extensively by manufacturing confectioners, bread and cake bakers, and by biscuit and cracker manufacturers.

The increased import duty will be added to the cost price and greatly increase the cost to the manufacturer and to the consumers.

California walnuts are selling at higher prices than imported walnuts. California ın not supply the demand for domestic-grown walnuts. Why then should the manu-ıcturers and the consumers be compelled to pay a largely increased price on walnuts ı a food product?

If the proposed duty is granted it will increase the cost of imported walnuts to such ı extent that the manufacturers can not afford to purchase them. The revenue to ıe Government from this source will be tremendously decreased if not absolutely iminated.

The Walnut Protective League of California states that a walnut tree does not reach rofitable production until it is 10 years old, and that it is from 15 to 20 years old before reaches full bearing.

California can not now anywhere near supply the demand and can not develop ıe production even in the next 15 or 20 years to such an extent as to take care of the creasing demand for walnuts.

The manufacturers will not use the California shelled walnuts, as they are not tisfactory for manufacturing purposes. When shelled they become fibrous and lack e peculiarly attractive flavor of the imported walnuts.

There is absolutely no justification for the proposed duties on imported walnuts, ıd we, therefore, ask that the duties shall be: Walnuts, not shelled, 3 cents per und; walnuts, shelled, 6 cents per pound.

Which we trust will receive your favorable consideration.

ALMONDS.

The amendment to H. R. 7456 proposed by Senator Johnson, of California, changes ragraph No. 754, to read as follows:

"Almonds, not shelled, 5 cents per pound; shelled, 15 cents per pound."

The rates proposed by Senator Johnson are unjustifiably and unreasonably high, d for the reasons set forth herein we respectfully recommend the following rates: monds, not shelled, 4 cents per pound; almonds, shelled, 6 cents per pound.

The present import duties on almonds as provided in paragraph 223 of the tariff act 1913 are as follows:

"Almonds, not shelled, 3 cents per pound; almonds, shelled, 4 cents per pound."

The United States Tariff Commission is the authority for the statement that the rld production of almonds is estimated at 725,000,000 pounds, and the export rplus at about 200,000,000 pounds of which the United States receives nearly 40 per nt. or about 80,000,000 pounds, more than twice as much as any other nation.

On an unshelled basis the domestic production and the imports of almonds for the t three fiscal years as published in the Tariff Information Surveys are as follows:

	Domestic production.	Imports.
-19	10,200,000	76,225,177
-20	15,699,748	78,350,615
-21 [1]	11,000,000	54,946,527

[1] Estimated.

The United States produces between 1 and 2 per cent and consumes about 12 per nt of the world's almond crop.

The California Almond Growers' Exchange markets about 75 per cent of the domestic p, and annually establishes minimum prices.

The total California crop produced during the fiscal year 1919–20 was less than -fifth of the total amount of almonds imported during that period.

If the same ratio of increase in the domestic crop during the past 10 years is main-ned during the next 10 years, the California crop in 1929–30 will be only about 000,000 pounds, which would be only about 25 per cent of the total amount of nonds that were imported during the fiscal year 1919–20.

It requires approximately seven years for an almond orchard to attain commercial aring, and it is therefore very evident that California can not produce anywhere ar the quantity required for domestic consumption.

The California almonds do not come into competition with imported shelled almonds. ey have always been sold in the shell for household consumption and have always nmanded higher prices than the imported almonds.

California does not produce shelled almonds. In corroboration of this statement I nt to call the committee's attention to a letter dated August 19, 1921, written by the

California Almond Growers' Exchange, San Francisco, Calif., to Bevan & Co., Mala
Spain, who are probably the largest importers of shelled almonds, which is as follo

CALIFORNIA ALMOND GROWERS' EXCHANGE,
San Francisco, Calif., August 19, 1921.

BEVAN & Co., *Malaga, Spain.*

GENTLEMEN: I have for acknowledgment your letter of July 29.

We are not in a position at the present time to give much information concern the 1921 almond crop for the reason that there is very little activity in market un the middle of September. Crop promises to be excellent, and we believe quantit will be about the same as last season. As you know, California does not deal to an extent in shelled almonds. Our sales are principally for nuts in the shell, which very largely consumed during the holiday period, and we would not even hazard guess as to the probable price. We will, however, take pleasure in cabling you th opening prices as soon as named, which will be sometime the early part of Septem and probably before you receive this letter.

We will be very glad to exchange correspondence with you as heretofore. Our f show that we addressed a number of letters to your good firm which were not answ and apparently which went astray in the mail.

With kind regards,

Yours, very truly,

T. C. TUCKER, *Manag*

One of our members a short time ago tried to purchase a few bags of shelled alm from the California Almond Growers' Exchange for experimental purposes, and informed by the exchange that they had none for sale. This was after the e lishment of the shelling plant in Sacramento, which was erected by the excha for the purpose of producing shelled almonds.

A very large percentage of the imported shelled almonds are used by manu turing confectioners, bakers, almond paste manufacturers, bread and cake bak chocolate manufacturers, blanchers and salters of shelled nuts, and various manufacturing industries.

On account of the many different kinds of manufactured products in which shel almonds are used, the manufacturers of these products require a very large var of shelled almonds.

To meet the requirements of these manufacturers about 12 varieties of shel almonds are imported.

California does not produce the varieties required for manufacturing purposes.

The experiments that manufacturers have made with California shelled alm have demonstrated that they are not suitable for manufacturing purposes, becau their fibrous nature and lack of flavor. When the California almonds are shel they lose their flavor and become hard and fibrous.

It is therefore very unfair to the manufacturers and to the consumers of th products to place an additional burden on these industries at a time when they the least able to bear it by increasing the import duties on shelled almonds 27 cent.

The argument has been advanced by the California Almond Growers' Exc that the increase asked for is necessary to protect the almond-growing industry senting an approximate investment of $50,000,000. We respectfully call th mittee's attention to the fact that the various industries that would be seriously by the proposed increase represent a capital investment of at least $1,000, The confectionery industry alone represents a capital investment of about $31

The total number of employees engaged in the manufacture of candy, which not include salaried officials, managers, office employees or salesmen, or the em of the jobbers and retailers, is approximately 76,000. The total number of em engaged in the industry is approximately 250,000.

The manufacturers can not increase their prices to such an extent as to co 275 per cent increase in the tariff, for the reason that there is an insistent d on the part of the public for lower prices and the consumers would refuse higher prices. The sale of products in which shelled almonds are used would th be reduced to a very great extent, to the serious detriment of the manufactur

We are not opposed to a reasonable increase in the tariff, but are absolutely to a 275 per cent increase

We believe that a tariff of 4 cents per pound on almonds in the shell and 6 cen pound on shelled almonds would be a reasonable increase and adequately se requirements as to protection and revenue.

We trust that our protest will receive your favorable consideration.

COCONUTS AND DESICCATED COCONUT.

[Paragraph 756.]

STATEMENT OF E. W. BROOM, NEW YORK CITY.

Mr. Broom. Mr. Chairman and gentlemen, on behalf of the erests I represent I would like to give you a few facts regarding siccated coconut.

The present rate of duty on this article is 2 cents per pound, which s the rate under the Payne-Aldrich Act and has not since been ered.

According to the schedule of the Fordney Act it is proposed to rease the duty on desiccated coconut to 4½ cents per pound, ich means an increase of 125 per cent.

To-day's market value of Ceylon desiccated coconut is about 9 its per pound in bond ex dock New York, so that the present duty 2 cents per pound represents about 22½ cents of the value of the oduct, whereas the proposed duty of 4½ cents per pound would resent about 50 per cent of the present value.

A duty as high as 4½ cents per pound would, in all probability, an greatly decreased imports and consequently less revenue.

From the point of view of protecting home industries, it is conled that the cost of labor in Ceylon, from whence the majority of ported desiccated coconut comes, is much lower than the cost of erican labor, but this is compensated for by the fact that Ceylon ive labor is very inefficient compared with American labor; also or-saving machinery and devices are used to a far greater extent the United States than in Ceylon, which further reduces the erence in labor costs.

Moreover, according to the "Survey of the American Coconut oducts Industry," prepared by the United States Tariff Commis-, recent figures from one of the large domestic manufacturers w a labor cost of $3.65 to $3.34 per 100 pounds, including office enses, or an average of about 3½ cents per pound. It is there- unreasonable for the domestic manufacturer to ask to be proted to the extent of 6 cents per pound, which rate they requested en they appeared before the Ways and Means Committee of the use.

Year after year the domestic manufacturers appear to have comed successfully with the Ceylon product, even under the present of 2 cents per pound, and presumably their trade has been unerative or they would hardly have continued to manufacture.

About a thousand people are employed in the domestic factories, hat a high duty would benefit less than one-thousandth of 1 per t of the population of the United States to the detriment of the ainder. In fact the desiccation of coconut does not economically ong in the United States any more than the canning of oysters ongs in an inland town.

On account of its fine flavor, long-keeping properties, and high ritive value Ceylon desiccated coconut is being used more and e every year by the large and small bakers, confectioners, and dy manufacturers of the United States. The majority of these

trades demand Ceylon desiccated coconut because of its desiccation from the nuts almost as soon as they come from the tree, thus insuring freshness. Furthermore, as it has to be dehydrated to a much greater extent than the domestic is dehydrated in order to preserve its quality on the long voyage from Ceylon, it is more adaptable to use by the baker, confectioner, and candy maker. This is one of the main factors in the constantly increasing demand for Ceylon desiccated coconut.

The domestic manufacturers use whole coconuts which have been shipped a few thousand miles, so that usually from two to four months elapse from the time of their coming from the trees to their being desiccated, which does not tend to improve the quality of the coconut.

A duty as high as 4½ cents per pound would not only work hardships on the consuming trades mentioned but would necessitate having to either advance prices to the public on their manufactured article or give the public a smaller piece of pie, cake, candy, etc.

Recognizing that increased revenues must be raised, the interests I represent, and in turn the consuming interests they represent, feel that they will be bearing their share of the increased taxation if the duty be increased from its present rate of 2 cents per pound (which was also the Payne-Aldrich rate) to 3 cents per pound, which would represent an increase of 50 per cent and also represent a rate of about 33⅓ per cent based on the present import value of Ceylon desiccated coconut.

We therefore suggest that paragraph 756 of the Fordney tariff act, desiccated coconut, be altered to 3 cents per pound.

STATEMENT OF FRANKLIN BAKER, JR., REPRESENTING THE FRANKLIN BAKER CO., PHILADELPHIA, PA.

Senator McCumber. You may state your name.

Mr. Baker. My name is Franklin Baker, jr.

Senator McCumber. You desire to discuss the same subject that was discussed by Mr. Broom?

Mr. Baker. I desire to discuss the same subject, but from a different point of view. Instead of championing the Singalese from Ceylon I am championing the manufacturers of the United States.

I want to say that I import coconuts that come from the American Tropics. I manufacture from coconut what is known as prepared or desiccated coconut. To give you a little idea of the value of the business, the United States imported last year 90,000,000 nuts and about 33,000,000 pounds of the desiccated nuts. The tariff under paragraph 756 of the House bill gives a duty of half a cent each on coconuts and 4½ cents per pound on desiccated.

First, I want to point out the relativity of coconut to desiccated coconut. It takes three coconuts to make one pound of desiccated coconut. That means that the half cent duty on coconuts really means 1½ cents as a compensatory duty on desiccated coconut. Therefore the net result is 3 cents, which is our protective duty, and that is the chief thing we are interested in. The question of duty on coconuts and desiccated coconuts, no matter how big or little it may be, only concerns us as far as the protection of our own industry is concerned.

I want to point out to you that in the year 1909, when the Payne-drich bill was passed, there were only about 2,000,000 pounds of ylon desiccated coconut imported. The amount was negligible. made but little difference whether the duty was 2 cents or what was. In 1913, when the Underwood bill was passed, it was still ents, and that year there were imported 6,000,000 pounds. Since in the industry has been growing in the island of Ceylon, carried by the Singalese manufacturers and the English who are repre-ited there, and the business in this country has been gradually ing backward. Last year instead of importing 2,000,000 pounds, is country imported 33,000,000 pounds. Within the range of these iffs there have not been any new concerns starting up in our busi-ss; two have failed, and I am told another is going out of business cause it is unprofitable. I have spent a good deal of money in ilding up this business, and I feel it is worth protecting. The nual volume of trade represented in the United States is only out $10,000,000, but there are several million dollars of capital vested in the industry.

Senator SMOOT. What does it cost you in labor to produce the siccated coconut from the coconut?

Mr. BAKER. The actual labor charge is 3½ cents a pound, with no erhead, steam, rent, administrative expense, or anything. That the actual cost, the labor charge.

Senator SMOOT. And you want 3 cents?

Mr. BAKER. I want 6 cents.

Senator SMOOT. Six cents to cover——

Mr. BAKER (interposing). Overhead, packing, field and shipping oor.

Senator SMOOT. The foreigner has overhead and packing the same you have. You do not want the full amount of the labor cost, you?

Mr. BAKER. No.

Senator SMOOT. You are asking for it, within half a cent.

Mr. BAKER. I can give details to show we are not.

Senator SMOOT. If it takes three coconuts to make a desiccated conut, that is 1½ cents. That leaves 3 cents protection to labor. u say the labor cost is 3½. You are asking for the whole labor st, practically.

Mr. BAKER. It means more than three and a half, because you ist consider the factory charge. You asked for the labor charge. u should have asked for the manufacturing charge, which is about cents, of which 3½ cents represents the actual labor charge. The oor charge is higher than in Ceylon. In Ceylon they have a labor arge of 1 rupee a day, 28 cents, against our $3 or $4.

Senator SMOOT. Your labor could not amount to more than 3½ nts outside of the overhead charge.

Mr. BAKER. Three and a half cents actual manufacturing labor only.

Senator DILLINGHAM. What do you mean by "actual labor?"

Mr. BAKER. The chief labor is shelling and paring of the nuts, id such as that, all labor.

Senator SMOOT. Without any overhead expense?

Mr. BAKER. No; no superintendence charges or other charges.

Senator SMOOT. And those other charges cost you 2 cents?

Mr. BAKER. The other charges cost about 2½ cents with the

superintendence. Eliminating the superintendence it would be ab[illegible] 2 cents. The packing would be the same in both countries.

Senator SMOOT. We want to give you ample protection, but [illegible] not want to give you all your labor. If we did, your labor would no[illegible] cost you anything compared with a foreign country.

Mr. BAKER. The brief which I will present will show you th[illegible] difference between the cost of these goods made in Ceylon an[illegible] America is about 6 cents a pound. These figures have been take[illegible] over a number of years, showing the imported cost of the goods [illegible] the other side, as compared with our own.

Senator SMOOT. We can get it from the brief.

Mr. BAKER. One point I wish to bring out, and one of the prin[illegible] cipal points I wish to call attention to, is that we have not share[illegible] in the excess profits of the last few years in this country. I poin[illegible] that out to show that we are doing this whole business on a bas[illegible] of less than 5 per cent. I average less than that. Last year w[illegible] had a loss. It is impossible to compete with the manufacturers [illegible] the other side.

Furthermore, even though this duty should be made higher, n[illegible] matter how high it might be, the actual cost of the goods to the co[illegible] sumer, the baker, or confectioner, whoever may use it, is negligib[illegible] because there is only about two-thirds of a pound of coconut co[illegible] sumed per capita. The amount of goods going into the average co[illegible] fection or cake is only 7 per cent and only means about a qua[illegible] ter of a cent per pound. When you figure it down, it amounts to [illegible] negligible quantity.

Furthermore, inasmuch as the supply of coconuts in the W[illegible] Indies is not large enough to take care of all the demand in this cou[illegible] try, there is bound to be continued importation of desiccated co[illegible] nut from Ceylon, which will come in irrespective of what the du[illegible] may be, because a few cents a pound more or less on the product [illegible] desiccated coconut is not going to have any material effect on t[illegible] sales.

BRIEF OF THE FRANKLIN BAKER CO., PHILADELPHIA, PA.

I. Our interest is in paragraph 756 of the tariff bill as passed by the House, wh[illegible] reads as follows:

"Coconuts, one-half of 1 cent each; coconut meat, shredded and desiccat[illegible] similarly prepared, 4½ cents per pound."

This does not give us the protection required in order to maintain our busin[illegible] against foreign competition.

II. The average yield of desiccated coconut from 1,000 nuts is 330 pounds, tha[illegible] 3 coconuts make 1 pound of desiccated. Hence, the compensatory duty allow[illegible] desiccated coconut for the duty of one-half cent each on whole coconuts is 1½ cents [illegible] pound. Therefore, the actual protection we are receiving against imported desiccat[illegible] coconut under the present bill is (4½ cents less 1½ cents) 3 cents per pound. We w[illegible] to invite your particular attention to this fact.

III. Here are figures that tell their own story and have an important bearing [illegible] the subject.

	Pounds of goods imported.	Average importation value per pound	[illegible]
1917	9,702,785	$0.1082	[illegible]
1918	20,269,909	.1496	
1919	29,637,673	.1873	
1920	32,920,614	.1794	

The present c. i. f. value of the imported article is about 9 cents per pound and the sent domestic cost about 15 cents per pound.

V. These figures show that the difference between the laid-down cost in New York the imported article and the manufacturing cost of the domestic article averages cents per pound. Therefore, a duty of 6 cents per pound should be placed on iccated coconut in addition to any compensatory duty that may be granted due the placing of a duty on whole coconuts. This duty of 6 cents a pound we ask in er that our industry may be put upon an equal footing with our foreign competitors the American market.

. When the Payne-Aldrich tariff was passed the duty was made 2 cents per pound l coconuts came in free. At that time the imports were negligible and no request made for an increase in tariff. Since 1913 the domestic manufacturer has not n able to increase because of the competition of the Singalese manufacturers. e Payne-Aldrich bill of 1909, therefore, does not serve as a proper standard for ty rate. passed at a time when the imports of desiccated coconut were less than 00,000 pounds per year, and framed without representation of the domestic manuturers at the hearings.

VI. Since that time the foreign competition has constantly increased. Even in 13, at the time of the framing of the Underwood bill, imports were only 6,500,000 unds per year, and they were not a serious menace to the desiccated manufacturer. e import figures for 1920 of 33,000,000 pounds speak for themselves.

VII. The industry in the United States represents an investment of several million lars and an employment of nearly 2,000 men and women.

There is a considerable labor problem in the preparation of desiccated coconut, as lled labor is required to take off the shells and the brown skin that is over the kernel the nut.

The manufacturing process consists chiefly in the shredding and drying of the conut. The chief essential in all this work, in dealing with a product that is apt spoil readily, is an absolutely clean, sanitary plant. Furthermore, working under r health and pure food laws makes the cost of goods in this country materially higher an in the Island of Ceylon.

The number of pounds of desiccated coconut produced in this country has increased ry little in the past few years. The demand for the article has increased enormously, d this increased demand has been supplied by the imported article, which could sold at much lower price due to cheap labor conditions in the Island of Ceylon, ere all the imported goods are manufactured.

VIII. Labor in Ceylon is paid 1 rupee per day against our present wage of $3 to $4 r day. A rupee on the basis of to-day's exchange is about 28 cents; in normal nes it is worth 40 cents. Granting that it takes two Singalese to do the work of one merican, the rate for the same unit of work is only 56 cents as against $4 in America.

IX. The sales price of the imported article to the bakery and confectionery trade day (duty paid) is 11½ cents. Our sales price is 16 cents, and it is only because of r better quality that we are able to get any business whatsoever. It is impossible us to compete under present tariff conditions. The domestic manufacturer has t increased his business, whereas there are more mills going up in Ceylon each year.

X. An increase in the duty to 6 cents per pound will not materially affect the price the consumer of articles containing desiccated coconut. An analysis made by a sinterested laboratory of 11 bakery products containing coconut shows an average conut content of 7 per cent. An increase of 4 cents per pound in duty would only stify raising the selling price per pound on these products by an average of slightly ore than one-fourth cent per pound. The per capita consumption of desiccated conut in this country is less than two-thirds of a pound per year, and it is our belief at the very slight advance in the sales price of desiccated coconut to the confeconer or baker is not material, as almost all other nuts sell for considerably more. ere is, therefore, no reasonable ground for opposition to our request from the makers bakery and confectionery products.

XI. An increase in the duty on desiccated coconut would not curtail imports for e reason that there are not enough coconuts in the West Indies to supply the demand, d desiccated coconut will be imported in as large quantities as heretofore. Hence e increase in duty will bring an increase in revenue.

XII. The tariff bill, as it passed the House, gave to our industry a protection of ly 3 cents per pound, whereas the actual difference in the cost of Ceylon goods at cents, as against our cost of 15 cents, is 6 cents per pound. To have full protection desiccated coconut, we should be given 6 cents a pound, and without being comelled to pay a duty on coconuts.

XIII. This difference of 6 cents is made up not only in the manufacture of the desicated coconut but also by the difference in cost of production of coconuts. Our manu-

facturing cost of over 5 cents per pound is at least 4 cents higher than the product m in Ceylon. Because of the cheap field labor, which is paid one-half rupee per da, 14 cents, against our West India labor of 50 cents to $1 per day, the raw materia one-third cheaper, which in itself gives a variation of several cents per pound, figu in terms of desiccated coconut. Unfortunately we can not avail ourselves of t cheap coconuts because they would spoil in the long transit.

XIV. If the duty on coconuts should be omitted, the full revenue required ca obtained from the increase in duty on desiccated coconut, and it would be easier collect on the uniform weights of import cases of desiccated than on the coun coconuts, which come in bulk and in bags of various sizes and counts. Neither w you be justified in placing a duty on coconuts by weight, for the weight give measure of the meat content, and would be subject to even greater difficulties th taking them by count.

Outside of the protection to our own industry, there may be considered the bear it has on our neighbors in the American tropics, whose only market for coconuts is United States.

PEANUTS.

[Paragraph 757.]

STATEMENT OF W. H. KELLY, REPRESENTING THE KELLY CO CLEVELAND, OHIO.

Mr. KELLY. I would like to say, gentlemen, that I am the first to appear before these committees representing a jobber and man facturer of peanut products. Those who have appeared before committee seem to represent associations and are the secretarie those several associations. These associations claim to represent t farmers to a certain extent. They represent themselves and t shellers and cleaners.

I was at a meeting here in Washington some several months a I was called down here by a number of people who operate shell and cleaning factories in the South. They wanted to know what m position was in regard to a higher duty. I told them I was in fav of a protective tariff; that I was a Republican and was for protecti and was glad to welcome them into our camp of protection I ask them what their ideas were in regard to a duty. They said they wo like to get 3 cents. I told them that was much too high, and if th could get 1½ or 2 cents it would be extreme.

They told me at that time that 2 cents would be entirely satisfa tory, but that they were going to ask for 3 cents in the hope getting 2.

I did not appear before the Ways and Means Committee before emergency tariff bill was passed, and had no opportunity to appe before that committee at its last meeting. This is the first oppo tunity that I ever had to appear before any committee in Washingt We are glad to have them get the protective-tariff fever down Georgia and Alabama and Virginia. It seems to be the first time th ever had the fever, and they have sure got it strong and have g delirious this time. They are now asking for 3 or 4 cents, which practically no protective tariff, but a stone wall.

What we buy in the way of imported peanuts is the large kern which comes from China, counting 28 to 30 to the ounce and 30 to to the ounce. These peanuts are not produced in Virginia in an great quantity. It is impossible for us to buy the quantity require It is necessary to buy these selected peanuts——

Senator LA FOLLETTE. Just a moment. If they can be produ at all, why can they not be produced in quantity?

Mr. KELLY. The best that they have produced in Virginia is about 2 to the ounce and a limited quantity. The crop this year is estiated at 1,250,000 acres in the South. Of that quantity 1,000,000 cres are devoted to the Spanish peanuts, and these are the small ariety kernel, and 200,000 acres consist of the Virginia white peanut, nd this variety is marketed in the shell and not shelled in quantity. hese are sold largely in the shell. There is a very limited quantity f large kernels. It would not pay them to shell these Virginia eanuts in large quantities to get enough of those large kernels, ecause they would be unable to dispose of the small kernels in eat quantity.

Senator SUTHERLAND. Do you buy them shelled?

Mr. KELLY. Yes, sir. We buy the kernels. We buy nothing in le shell that is imported.

If I may file a brief I will cut my remarks down just as short as ossible.

Senator MCCUMBER. That may be done.

Senator DILLINGHAM. What is your business—preparing them for arket?

Mr. KELLY. We prepare them for market. We make salted peants and peanut butter and other peanut products.

The prices this year are ruling low for peanuts. The farmers got g money for their peanuts the last several years and made big oney the same as the rest of us; we all made big profits the past two ears. So far as I am concerned, Uncle Sam took part of it and I lost le rest of it by buying peanuts.

The farmer is lucky this year in the South who grew peanuts. He is ot compelled to dump his peanuts like the gentleman who just stified did with his onions. You will find the peanut market report owed that 140,000 and some odd bags held over from last year. he peanut crop has been consumed so that there was but 10 per cent that crop on hand some time in August. The gentlemen are right ere in the room who made these statements. I received from Pretw Peanut Co., Franklin, Va., this letter in August:

> The demand for both of these grades is certainly improving, and we believe before the d of September the price will be much higher on account of the limited supply; we erefore advise keeping your requirements covered. Just as soon as you are interted let us have a wire. We will surely try to make the price attractive.

The Donaldsonville Oil Mill, of Donaldsonville, Ga., said:

> The farmers stock of Spanish is very rapidly diminishing and only a few car lots are ill being held in this section.

In a statement before the Ways and Means Committee it was aimed that there had been no market for the peanuts and that they ould not sell them. It is true business was quiet; we all had stock n hand we could not sell and move to advantage, and there is no uestion but what the farmers sold a lot of their peanuts at a loss. 'e did last year and we did this year. I bought a lot of peanuts in eorgia this year and lost a dollar a bag on them. The farmer is head that dollar a bag.

Again the Donaldsonville Oil Mill, under date of August 24, this ear, had this to say:

> We shelled more peanuts last season than any single plant in the southeast, and are ell equipped to take care of your orders at all times and assure you that they will ceive our very best attention.

I will just give you the substance of these. The balance of t... simply elaborate.

I believe Lem P. Jordan is in the room. He said under dat... August 6:

There is less than 10 per cent of the crop unmilled as of this date.

That shows that the present crop has been used this year, inclu... the 140,000 bags held over from last year.

The Suffolk Peanut Co., under date of August 25, said:

Inclosed you will find confirmation of our message of this date. We regret t... are unable to offer Virginia shelled, as our stocks are entirely exhausted at th... and we can make no further offerings until we can secure additional stock.

Mr. Pinner, of the Suffolk Peanut Co., is in the room.

Mr. Bain, of the American Peanut Corporation, is present. ... said under date of August 26:

The market is very much stronger and stocks on shelled goods are getting l... and the demand is also better on all grades for the past few days.

That in substance covers the peanut situation. I have ... given a few of the high points.

I claim that if they get 1½ cents duty on peanuts it will be su... cient to keep out all low-grade peanuts. We want an opportu... to import these large kernels running 28s to 30s to 32 per ounce

Senator La Follette. What do you mean by 28s to 30s?

Mr. Kelly. That is the number of kernels to the ounce.

They talk about peanuts growing in Gambia, British India, B... mah, the Straits Settlements, and through that section of the wor... Those peanuts can not be used in this country by the manufactur... and jobbers to advantage; in fact, they can not use them in pean... products and turn out a decent product. You can not bring ... peanut through the Tropics, because it will soon get rancid.

You submit the peanut to a high temperature and the oil p... are opened up and the nut will turn rancid. Senegal and In... and Gambia peanuts are all of very low grade. You can not mak... peanut butter out of them and they can not be used for cand... The only peanuts you could import here are the Spanish shel... from Spain direct. But they are ruling high, and it has been a gre... many years—at least 15— since we have been able to bring an... from Spain. Referring to the statement that Senegal peanut... Gambia peanuts and African peanuts, British India peanuts co... in, they come in in very small quantities and will always be broug... in by some one who would be classed as a "tenderfoot" in the b... ness, who would bring the peanuts in and find out they were diff... ent grades after they got here and would lose money. The sta... ment was made that no peanuts were brought in through Engl... from India. We bought peanuts in London 15 years ago and fo... them unsatisfactory.

Senator La Follette. What is the production of peanuts?

Mr. Kelly. One million two hundred and fifty thousand a... are being grown this year.

Senator La Follette. In pounds, what does that mean?

Mr. Kelly. That I do not know. You have the Governm... figures here. Mr. Bain can tell you. Do you know how m... were produced?

Mr. BAIN. We have the Government's report on that, and we have r estimates.

Mr. KELLY. You do not know what the total crop is?

Mr. BAIN. We think from 35,000,000 to 52,000,000 bushels.

Mr. KELLY. I am in favor of a duty that will protect the farmer, d I have got just as much sympathy for the farmer as anyone. t it is folly to try and put a 3 or 4 cents duty on peanuts. will simply prevent us from importing a few that they do not oduce in Virginia. They are not going to shell up the peanuts m that 200,000 acres of the white peanuts, and that is all they oduce there; and what they do shell is the broken or discolored lls or otherwise damaged, as these nuts are worth more in the ll. That I know. I will be pleased to submit a brief.

RIEF OF W. H. KELLY, REPRESENTING THE KELLY CO., CLEVELAND, OHIO.

'e wish to protest against the proposed duty of 3 cents on unshelled peanuts and nts on shelled peanuts.

ractically all of the peanuts that are imported under normal conditions are the e kernels that can be selected from the Chinese crop.

he American crop amounts to about 1,250,000 acres at the present time. All pt about 200,000 acres are the small Spanish or runner variety and all are shelled the market. The 200,000 acres of larger variety is what is called the Virginia te. These have a much larger shell and kernel than the Spanish variety and e of the Spanish variety is ever imported.

he only Virginia white peanuts that are shelled are the damaged nuts and in shell-these a few large kernels are secured, but not enough to materially interest buyers. extra price that the shellers get for these few large kernels compared to the total ery small, the balance of them shelled are called "No. 1 Virginia Shelled," and trade is limited.

hat the present crop (1920) made a loss is without question, but this crop was made high cost. The 1921 crop now growing will be made at a much less cost. Mr. ier stated before the Ways and Means Committee that peanuts cost 6 to 7 cents pound to produce.

he Alabama Market Journal of Montgomery, April, 1921, states that the cost is per bushel (a bushel of Spanish peanuts weighs 30 pounds) or 3.9 cents per nd, and these costs were figured on high cost of labor and fertilizer.

e favor protecting the American farmer but do not want to see a near prohibitive in the proposed tariff bill.

e will import a few of these large kernels for the high-price trade, but sale will liminated from syndicate and chain stores, where goods are sold at a small profit. peanut is the only poor man's nut.

at a crop will occasionally make a loss to the grower is quite true, but we all bad seasons.

e 1920 crop would have sold at a profit had the pay roll of the country been as as in past seasons. You know of the present unemployment and lack of buy-power on the part of the people.

out 50,000,000 pounds of Chinese peanuts have been brought in this year, and ly all received before the emergency tariff bill enforced. Can also advise that it cessary to bring the large kernels in during the winter and spring months, and nuts are then put in cold storage. Otherwise the stock would get rancid and ny.

anuts never carried a duty of over 1 cent in past years, and no amount of small were imported until the last few years, when we had war conditions, and at time the grower was paid from two to three times the price paid during normal itions.

r claim is that a duty of 1½ cents per pound is extreme and very high for shelled uts, and under this duty only large kernels can be imported, but this proposed duty would mean practically no importations, and the business built up in past s would be destroyed, with a big loss of revenue to the Government and no appre-e gain to the American peanut growers, as the importation of these large nuts not conflict with his interests.

STATEMENT OF JOHN B. GORDON, ALEXANDRIA, VA., REPRESENT- ING PEANUT CRUSHERS AND VEGETABLE-OIL REFINERS.

Mr. GORDON. My name is John B. Gordon; I live in Alexandri Va. I speak for the peanut crushers and the vegetable-oil refiners.

I am glad that the gentlemen who want high duties on all kin of peanuts are in the room, because I would like to add a remar to that of the gentleman who has preceded me, which is that the ge tlemen who have been speaking before this committee and the Way and Means Committee and who claim to represent the grower and who also state that they represent the peanut crushers, do n represent the crushers, but represent only themselves. The crushers peanuts have interests which are diametrically opposed to those the peanut shellers, and it would be like having a German plead th cause of the Frenchmen to have the shellers who are represent by these gentlemen plead the cause of the crushers of peanuts; a if these gentlemen do represent any crushers of peanuts, they repr sent those such as the Donalson Oil Mill, whose letter the preced speaker read from, who have abandoned crushing for the mo profitable shelling and grading of nuts for the edible-nut tra crushing perhaps a few culls and unsalable refuse.

The game of the sheller is to keep the price of the peanuts jus little bit above the height a crusher can reach, and if they can that they are happy. And if they can put the crushers out of bu ness, it would be a blessing to them but to nobody else. It wo not assist the southern farmer, the grower of peanuts, and it certai would not do the vegetable-oil industry of this country any good.

I appear to request the free entry of peanuts for crushing p poses, with proper and suitable duties upon those peanuts which to be used for edible purposes; that is, those peanuts which are to supplied to the nut trade or the roasters and salters, the confecti and baker, and the peanut-butter makers. These peanuts comp with our domestic peanut, while the crushing peanuts do not.

The proposed duty of 3 cents per pound on the unshelled pea and 4 cents per pound on the shelled is prohibitive when we cons it in its relation to the oil content of the peanuts and the pro of using imported peanuts for crushing purposes, because there be a tax of about 10 cents per pound on the resultant oil, whe the normal value of peanut oil is only about 5½ cents to 7 cents pound.

Senator LA FOLLETTE. What is the oil used for?

Mr. GORDON. The oil is used in the manufacture of lard sub tutes, in the making of salad oils, in the packing of sardines, in ma certain cooking fats, in the making of soaps, and about 3 to 7 cent of the total vegetable and animal oils used in the manufactur oleomargarine is peanut oil.

The uses are quite diversified and the market of the refine is of such specialized nature that it requires a considerable competent sales force to seek out all of the different outlets, th being quite a few different uses.

The domestic peanut industry is a nut industry and not a industry. The figures which I will give you to support this state are those procured from the Government and appear in all records, and therefore are not subject to argument and ca readily verified.

In 1920 less than 4.1 per cent of the domestic peanuts available ›re used for oil-producing purposes. In 1921 to date less than 2.1 r cent of the peanuts available have been used for oil-producing ırposes.

Senator LA FOLLETTE. Are those figures obtained from the Agri- ltural Department.

Mr. GORDON. The figures which the percentages are based upon are e amounts of peanut oil produced in the United States which are ren by the Department of Agriculture and other Government de- rtments and applied against the total domestic production of anuts and also the total importations of peanuts. That will be vered in more complete detail in a brief which I will file.

The 1919 crop of peanuts was 33,925,000 bushels; apparently less an 4 per cent of those peanuts were used for crushing purposes. I y "less than 4 per cent," because there came into the country spite the duty a certain amount of foreign crushing peanuts, and m those foreign peanuts some oil was made. There are no figures ich show how many foreign peanuts were used in producing peanut . The domestic peanut oil produced is made from both domestic d imported peanuts.

The 1920 crop consisted of 35,960,000 bushels, of which less than ›er cent has been used up to July 1 in the production of oil.

The reason that the American peanut industry is a nut industry d not an oil industry is that the peanuts will bring a much higher ice when sold to the edible trade, which is represented by the ntleman who spoke before me, than if turned into oil. That is a ief reason why the domestic production of peanut oil is dwindling d not the competition of foreign vegetable oils and the competi- n of foreign peanuts. The peanut crusher can not afford to crush domestic nuts and the duty won't permit him to buy foreign shing stock.

On to-day's market the sheller of peanuts can get 5¼ cents per und for No. 1 Spanish peanuts. That would be around $75 a ton it he would realize on 1 ton of farmers' stock of Spanish peanuts. w, if you turn those peanuts into oil they would not produce more in $56 worth of product, which includes the oil, the cake and hulls, d any other by-products So you can readily see it is much more ofitable for the nut trade to use the domestic peanuts than it is the crushing mills.

I desire to call attention to an incorrect statement which one of the ntlemen who testified at a previous hearing on peanut oil made. lo not know whether it was intentional or not, but he stated that emergency tariff had raised the price of the farmers' crushing anuts. He stated that the farmer was able to get somewhere in neighborhood of $40 a ton for his crushing peanuts when the ergency tariff went into effect and that he could now get from $50 $58 a ton. That gentleman did not state that while those peanuts ght be called "crushing peanuts," they were not bought for crushing rposes, but are being sold to the edible trade; the crushers can not ord to use them So he should have explained his statement in re complete detail; also he should have stated that the peanuts uld have normally increased in price about this time of the year matter what purpose they were being used for.

The people who will suffer most if the crushers of peanuts in this untry are cut off from all sources of crushing peanuts are not the

crushers so much as it will be the domestic grower or the pean farmer. The peanut crushers of this country are primarily cott seed crushers. The crushing of peanuts with these cottonseed mills is perforce more or less of a side line, because they have n been able to get enough domestic peanuts to make a steady busin of it, and they have not been able to import foreign peanuts beca of the existing duty.

The farmer, if the crusher is allowed——

Senator LA FOLLETTE (interposing). What do peanuts run weight to the bushel?

Mr. GORDON. About 30 pounds would be taken for the kind peanuts that are crushed for oil; they run from 22 to 30 pounds. b the lighter ones are not used for oil.

Senator LA FOLLETTE. We brought in 42,000,000 pounds of p nuts this year, ending June 1.

Mr. GORDON. My figures are for calendar years, but 42,000 pounds would be something over 1,400,000 bushels on the unshe basis, which were largely used for edible purposes.

Senator LA FOLLETTE. I do not know what they were used for

Mr. GORDON. The use to which they are put is very appar You need only take the domestic production of oil and apply against the domestic production and importations of peanuts——

Senator LA FOLLETTE (interposing). What was the production peanut oil this year and last year?

Mr. GORDON. The domestic production of peanut oil last year only about 13,000,000 pounds. For the first six months of this y it was about 6,000,000 pounds.

You can apply that production of oil against the total dom peanuts available, and you can see that last year from all the avail peanuts they did not crush 4.1 per cent, and when you apply th production of the first six months of this year against the pea available it does not amount to 2.1 per cent.

Senator LA FOLLETTE. How much in weight does a bush peanuts yield in oil?

Mr. GORDON. It will yield about 1 to 1¼ gallons.

Senator LA FOLLETTE. And that weighs about how much?

Mr. GORDON. A gallon weighs about 7½ pounds. The farmer at the present time three outlets for his peanuts. The first and profitable is the sheller and cleaner, who sells them to the nut t the second is the peanut crusher; the third, he can feed them to hogs.

Naturally it will not take much of a price to beat feeding th hogs, but if the crusher is put out of the running through not able to secure a supply of raw material when there is a short cr this country or when there is a specially heavy demand from the trade the farmer has only two outlets left—he has the edible and he has got his hogs—and the domestic crusher will have t trying to crush peanuts if we don't allow him to import his cru peanuts.

So you can see it is to the material advantage of the sheller supplies the edible nut trade to put the crusher out of busines not, as he professes, to prolong his existence.

The present duty of three-eighths and three-fourths cent per p on the unshelled and shelled peanuts, respectively, means of 1.3 to 1.7 cents a pound on the oil, which figures 20 to

nt ad valorem, on a basis of peanut oil worth 6½ cents a pound, iich is a prohibitive tax, because by observation of the movements peanut oil into this country under the existing permanent duty on anut oil of 6 cents a gallon, which on 6½-cent oil is about 12 per cent valorem, it will be seen that not until peanut oil reached a price of out 15 cents per pound, double the normal value, under the luence of war conditions, did peanut oil begin to come into this intry in any volume. In other words, the present duty on peanut , under normal conditions, while not a total embargo constitutes a y strong barrier against the importation of peanut oil.

It was not until peanut oil got up to 19½ cents per pound that the ivier importations of peanut oil were made into this country.

The basic difficulty in the manufacture of peanut oil from domes- peanuts is that peanut oil is completely interchangeable with cot- iseed oil. You can rarely get more than one-eighth to one-fourth its per pound more for peanut oil than you can for cottonseed oil. erefore, no duty will increase the price of domestic peanut oil, ause our 4,000,000 barrels of domestic cottonseed oil production he regulator of price.

The reason we request the free importation of crushing peanuts is ed upon that very fact, because peanut oil, whether made from nestic or imported peanuts, must compete with cottonseed oil, ich is the product of a by-product of the growing of cotton. We st make peanut oil sufficiently cheap that it can compete with tonseed oil, and that is a difficult task because peanuts are a main p while cotton seed is a by-product. If peanut oil can not com- e with cottonseed oil in price it can not be sold and it can not com- e when the crushing peanuts imported bear a duty.

will submit a brief and cut my remarks short; and, Mr. Chairman, as also requested to submit a brief upon the ratio between a duty flaxseed and a duty on linseed, not in protest of the duty upon seed but to show the proper difference between the two.

enator McCUMBER. That may be done.

F OF JOHN B. GORDON, ALEXANDRIA, VA., REPRESENTING PEANUT CRUSHERS AND VEGETABLE-OIL REFINERS.

luty of 4 cents per pound on shelled peanuts and 3 cents per pound on unshelled uts is proposed in the Fordney tariff measure. This means that peanuts will be rted only for edible purposes and that none can be imported for crushing purposes : proposed duties are adopted.

: shall petition in this brief, therefore, the free entry of peanuts for crushing ses upon submittal of proper affidavit by the importer that the peanuts so im- d are to be used for crushing purposes in the production of peanut oil and for this se solely.

is not to be in anyway construed that we advocate the free importation of edible its as used by the nut trade, as this brief relates solely to the advisability of the ntry of peanuts for crushing purposes.

: fully indorse the policy of levying such duties as are compatible with normal s, conditions of reciprocal trade with the countries from which the imports come, related matters, upon imported peanuts sold in competition with our domestic ut to the confectioner, the roaster, and the peanut-butter manufacturer, which constitute the "nut trade" in peanuts. We shall in this brief prove that the ntry of crushing peanuts will in no wise be injurious to the domestic peanut try but will, on the other hand, be beneficial to it.

POSED DUTIES PREVENT IMPORTATION OF PEANUTS FOR CRUSHING PURPOSES.

e proposed duty of 3 cents per pound on unshelled peanuts equals 90 cents per el or $60 per ton. A ton of unshelled crushing peanuts will yield 600 pounds anut oil. The tax on the oil in these would amount to 10 cents per pound, or

75 cents per gallon, which is 69 cents per gallon more than the existing duty on peanut oil as established in the act of 1913. To the tax on the oil the domestic crusher must add his labor cost, which will generally run in the vicinity of 5 per cent of the value of the finished products, fuel, power, and other charges of direct and indirect nature. Inasmuch as the normal value of peanut oil ranges from 5 to 7 cents per pound, it can be seen that it would be impracticable to produce peanut oil from imported peanuts in a commercial way should the proposed duty be enacted into law.

THE DOMESTIC PEANUT INDUSTRY IS A NUT INDUSTRY AND NOT AN OIL INDUSTRY.

It is the knowledge of the fact stated in the above subhead which prompts [illegible] request the free entry of peanuts for crushing purposes.

While there have been produced each year for the past five years domestic crops of peanuts ranging from thirty-three to fifty-two million bushels of peanuts, at no time has more than one-fifth of the crop been used for oil producing purposes, while last year (1920) less than 4 per cent was so used, and during the first six months of the present year only about 2 per cent of the domestic nuts had been used for oil producing purposes.

We give below a table in which are shown the domestic production of peanuts, the potential oil yield of these peanuts, the imports of peanuts, their potential oil yield, the actual amounts of peanut oil produced, and the percentage which same represents of the domestic and imported peanuts, as used for oil-producing purposes. In this table we have considered that the domestic peanut crop of each year would be harvested in the late fall and crushed in the following year and therefore have applied the Government figures as to oil production of a given year against the domestic peanut crop of the previous year. In considering the possible production of oil from imported peanuts, however, we have taken it for granted that peanuts imported during a given calendar year would be crushed in that year. These methods of figuring may create minor inaccuracies in any one year's figures which will be equalized when the average of several years is considered. Inasmuch as the Government figures do not discriminate between peanuts imported for oil and those imported for edible purposes, it is impossible to state even approximately how much of the oil shown as produced was made from the domestic peanuts and how much from the imported peanuts. In figuring the oil yield of peanuts we have considered the yield of 1 bushel of unshelled nuts as 1¼ gallons, which is sufficiently accurate for all general purposes and for estimates. The weight of a bushel of peanuts is taken at 30 pounds in transposing pounds to bushels, and the amount of meats is figured at 70 per cent.

TABLE 1.—*Domestic production and import of peanuts, with potential oil yield [illegible] estimated per cent used in production of peanut oil.*

Year.	Bushels.	Potential oil yield in pounds.	Actual peanut oil produced in following year.	Maximum per cent domestic crop required [illegible] each year production oil
Domestic production:				
1916	34,433,500	322,814,000	50,[illegible],000	[illegible]
1917	52,505,000	492,234,000	95,934,000	[illegible]
1918	46,010,000	431,341,750	87,217,000	[illegible]
1919	33,925,000	318,046,000	13,086,000	[illegible]
1920	35,960,000	337,325,000	6,825,000	[illegible]
Total	202,833,500	1,901,760,750	[1] 253,321,000	......
Imports:[2]				
1917	2,099,313	19,681,057	....	......
1918	2,343,628	21,971,512	....	......
1919	1,051,557	9,858,345	....	......
1920	4,170,812	39,101,362	....	......
1921	[3] 1,358,232	12,733,425	....	......
Total	11,023,542	103,345,711	....	......
Grand total	213,857,042	2,005,106,461	....	......
Average per cent of domestic and imported peanuts used in production of peanut oil	....	....	....	[illegible]

[1] Oil yield from imported peanuts included in above.
[2] Equivalent in bushels of unshelled nuts.
[3] Represents first 6 months 1921.

rom the above table it will be noted that the crushing of peanuts in America has dly been subordinated to the more profitable task of supplying the confectioner, peanut roaster, and the peanut-butter manufacturer with nuts for their several le products.

e have previously pointed out that it is not possible to state how much of the estic oil produced is derived from imported peanuts. However, it is known that ng the past two or three years entire ships' cargoes of crushing peanuts have been hased by the cottonseed-peanut crushing mills in Texas and the Southeast and ed into oil. While the volume of foreign peanuts so used is relatively small n compared to the total quantity of peanuts available it can be safely said that domestic peanut oil produced during 1919, 1920, and the early part of 1921 to a large degree, expressed from imported peanuts. The latter observation ies particularly to the peanut oil produced during 1920, when about the only estic nuts used for crushing purposes were a few low-grade nuts along with trash other refuse from the shelling and cleaning plants. It is likely, therefore, that in of a probable 4.1 per cent of the crop of 1919 being used for the production of ut oil that not half that quantity went to the crushing mills.

will further be noted that when the domestic production and the importations of uts are considered jointly that even then the average maximum percentage used he production of oil remains quite small being only 12.6 per cent for the several s.

e lessening volume of domestic peanut-oil production in America must not be ny way confused with the importations of foreign peanut oil or the conclusion ed that a high tariff on imported peanut oil will in any way assist the domestic uct. There is no tariff problem involved other than that which is set forth in brief which is that the confectioner, the roaster, and the peanut-butter manu- rer use up all the domestic nuts and the crusher is unable to utilize the imported to the large degree he otherwise could because of the duty imposed.

e foregoing is set forth in our brief on peanut oil printed in the report of the ngs on Schedule 1, paragraph 50, before the Senate Finance Committee.

is in its competition with our domestic cottonseed oil that domestic peanut oil an almost impregnable barrier against the really extensive development of a stic peanut-oil industry and will so long as the pseudopeanut-oil industry of this try is forced to depend upon the intangible prospect of securing domestic peanuts ush, a condition enforced by the existing duty upon peanuts which does not iminate between those used for crushing purposes and those used by the nut .

MESTIC PEANUT OIL FORCED TO COMPETE WITH DOMESTIC COTTONSEED OIL.

anut oil and cottonseed oil are completely interchangeable. Peanut oil, there- is continually in competition with cottonseed oil and the price obtainable for is regulated by the price of cottonseed oil. The Tariff Commission in its report anut oil, page 167 of Tariff Information Surveys on the articles in paragraphs d 45 of the act of 1913 comments on this fact as follows: "On the other hand, rice of peanut oil is influenced very materially by the prices of competing oils. lly the price of the crude oil is found to be just a little above the price of crude, lightly below that of refined cottonseed oil."

have explained in our brief on peanut oil that the slight variation in price een peanut and cottonseed oil, which is commonly one-eighth to one-fourth per pound, is due primarily to the lower refining loss of peanut oil and the fact he more limited supply of peanut oil sometime makes the market a little tighter. there are one or two special trades such as the margarine trade which will pay ht premium for peanut over cottonseed oil. By and large, however, the peanut arket rises and falls with the crude cotton oil market.

present the foregoing information to emphasize the fact that the scope of the stic peanut oil industry must constantly be bounded by the extent to which it oil can be produced at a price which will allow successful competition with reat domestic cottonseed oil industry which produces one and one-half billion ls of cottonseed oil annually. Neither domestic peanuts nor imported peanuts e used for the production of peanut oil if the resultant oil can not be sold at a which is competitive with the price of cottonseed oil.

ras the impracticability of producing peanut oil at a price at which it could d which brought about the condition which the Tariff Commission remarks upon ge 167 of survey of the American peanut oil industry, as follows: "In 1919 many ushers announced that they were out of the market for the year because of pre- g high prices of peanuts largely due to a short crop and the great demand for its for butter, candy, and other confectionery purposes."

DOMESTIC PEANUT INDUSTRY CAN NOT BECOME OIL INDUSTRY IN COMPETITION WI[TH] COTTONSEED OIL.

Cottonseed oil is expressed from the by-product of the farmer who grows cott[on;] this by-product is the cotton seed. No cotton is grown solely for the cotton se[ed.] The grower expects to reap his main profit from the lint or cotton. His seed c[on]stitutes an important secondary source of profit.

In the growing of peanuts the peanuts produced constitute a main crop [and] only by-product is a small amount of peanut hay, the value of the yield of an a[cre] being worth only three or four dollars. Out of the peanuts grown, therefore [the] peanut farmer must reap his profit. If the prices secured for them do not yield [a] profit on the acreage planted there is no important by-product to fall back upon.

In the Alabama Markets Journal and Crop Report, published by the Alabama St[ate] Department of Agriculture in conjunction with the United States Department [of] Agriculture, issue of April, 1921, are cost figures obtained from 46 Alabama grow[ers] of peanuts showing that the cost of production of peanuts in 1920 ranged from [...] cents to $1.17 per bushel, which, calculating the weight per bushel at 30 pounds, wo[uld] mean a production cost of $48 to $77 per ton. The total cost of cultivation of [an] acre of peanuts the Alabama Department of Agriculture figures at $33.11, from wh[ich] is subtracted the value of the peanut hay obtained, worth $3.82, leaving $29.2[9 as] the net cost of growing an acre of peanuts.

The price of Spanish peanuts to-day in the Georgia-Alabama district is $50 to $[...] per ton. The price of cotton seed, a by-product from the cultivation of cotto[n, is] $25 to $28.

From a ton of farmer's stock Spanish peanuts the shelling plant or the cru[shing] mill which buys same to-day can get 1,400 pounds of meats and 600 pounds of sh[ells] and trash, possibly more of one and less of the other, but the variation is not sufficient[ly] large to obscure the point we desire to illustrate. Should this ton of farmer's st[ock] peanuts be shelled and used for crushing purposes, the following products valued [at] the following amounts will result:

TABLE 2.—*Yield and value of products of 1 ton of farmers' stock Spanish peanuts [...] crushed.*

Product.	Pounds.	Value.	Mark[et] value [...] basis [...] pou[nd] [...]
Peanut oil	630	$44.10	[illegible]
Peanut cake	750	10.50	[illegible]
Shells and trash	600	1.35	[illegible]
Invisible loss	20		
Total	2,000	55.95	

The foregoing table shows what would be the value of the total products res[ulting] from the crushing of a ton of farmers' stock Spanish peanuts. We now give the va[lue] of the products resulting from the shelling of this same ton of peanuts and the[ir sale] to the nut trade, i. e., the confectioner, the baker, the peanut roaster, and the pea[nut] butter manufacturer.

TABLE 3.—*Yield and value of products of 1 ton of farmers' stock Spanish peanuts [...] shelled and sold to nut trade.*

Product.	Pounds.	Value.	[illegible]
Nuts	1,400	$73.50	[illegible]
Shells and trash	600	1.35	[illegible]
Total	2,000	74.85	

We see from the comparison of Tables 2 and 3 why it is that last year less than [...] cent of our domestic peanuts were used in the production of peanut oil and [to] date less than 2.2 per cent of the most recent crop has been used in the produc[tion ...]

nut oil. We will now show why it is extremely conjectural that peanuts costing n $48 to $77 per ton to grow can ever be used to produce peanut oil.
ottonseed is of no value as human food. This fact places it far below the plane of nuts in the price level. Any product which is edible is automatically assured of a ket at higher prices than a baser product unfit for alimentary usage. The usages of onseed are for the production of oil, feed, fertilizer, and the production of more on.
ton of cottonseed when crushed by the crude cottonseed mill yields the following lucts at the following values.

ABLE 4.—*Yield and value of products of 1 ton of cottonseed when crushed for oil.*[1]

Products.	Pounds.	Value.	Value on basis of pounds.
nseed oil	302	$20.38	$0.0675
:	906	12.68	.014
s.	570	2.00	.0035
	76	2.28	.03
ible loss	146		
Total	2,000	37.34	

[1] roduction records of 1919 season.

: will be noted from the above table that a ton of cottonseed will yield products to value of $37.34 on to-day's market. This ton of cottonseed on to-day's market cost the crude mill from $25 to $28. From Table 2 we note that the value of the lucts of a ton of farmer's stock Spanish peanuts, costing the crude mill $50 to $58 ton when crushed, on to-day's market would be about $56; while the purchase e of the peanuts is double the price of the cottonseed, the value of the products ot double the value of the cottonseed products as it should be, in order for it to be itable for the crude mills to crush peanuts in place of cottonseed. For the price ch the crude mill would pay for 1 ton of peanuts it could purchase 2 tons of onseed. producing products worth practically $75. The cost of crushing a ton of onseed last season was $6 to $12, according to the size of the mill and the crush. cost of shelling and crushing a ton of peanuts is about the same. Thus we see the investment of the same amount of the crude mill's money in cottonseed yields mill from $6.75 to $12.75 more gross profit, according to the mill's crushing cost, 1 when invested in a ton of crushing peanuts.
. is now obvious why we say that the domestic peanut industry is logically a nut stry. will in all probability remain a nut industry, and never be an oil industry s—naturally adverse conditions do not sometimes result in the destruction or : diminishment of the cotton crop, the source of cottonseed, without simulta-sly adversely affecting the peanut crop.
e can not but believe that the almost self-evident truth which we have set forth in above, namely, that only under exceptional circumstances can peanuts be n in this country for oil-producing purposes in competition with our domestic nseed-oil industry, is as apparent to those who buy the Southern farmers' peanuts is to others. We do not desire to be unkind in our attitude toward those elements he domestic peanut industry who are arguing most loudly in favor of high duties) oriental peanut oil and other imported vegetable oils. But it is significant that gentlemen are not crushers of peanuts, and seem to be only indirectly connected ı the crude oil mills which crush peanuts. Since the farmers in those sections re peanut oil is produced do not know whether the purchaser of the peanuts nds to use them for crushing purposes or for sale to the confectioners, bakers, ters and other nut trade, it would almost appear that certain interests attempt to dy the water about themselves by advising the farmer that they can not pay him er prices for his peanuts because of the "ruinous competition" of oriental peanut and other imported vegetable oils, which prevent them from making and selling ut oil of domestic origin at a profit, which is a specious and unfair statement, as in robability the nuts are not being purchased for crushing purposes, but for sale onsiderably more profitable prices to the confectioners, bakers, roasters, and nut "butter" manufacturers, with possibly only the trash and lowest-grade nuts ing their way to the oil mill. It is logical to assume that if the farmer who sells eanuts to those who ostensibly crush them knew that these peanuts were not to

be crushed, but were to be shelled and graded and sold at 5¼ cents per pound on to-da[illegible] market to the nut trade, or a price netting over $73 per ton on the basis of the un[illegible] nuts, that the farmer would expect to receive more than $50 to $58 per ton, th[illegible] paid him to-day in the section of the country which is supposed to produce pea[illegible]

If the interests who have claimed to speak for the peanut crushers of the cou[illegible] were really representatives of these crushers they would frankly admit that pea[illegible] can not be grown as a main crop in the United States and used as an oil prod[illegible] medium in competition with cottonseed which is a by-product and that th[illegible] effective and constructive move which could be taken towards the upbuildin[illegible] domestic peanut oil industry would be the removal of the barriers against th[illegible] free importation of peanuts for crushing purposes with proper duties levied a[illegible] peanuts which compete with domestic peanuts in their legitimate sphere wh[illegible] supplying the demand of the nut trade.

No "tariff barrier" can ever be instrumental in upbuilding a domestic pean[illegible] industry. The element of interchangeability of peanut oil and cottonseed oil ca[illegible] be disposed of by a "tariff barrier." The laws of agricultural economics by wh[illegible] main crop is forced to sell at a higher price than a by-product can not be over com[illegible] the "tariff barrier" which is requested by the United Peanut Association with h[illegible] quarters at Suffolk, Va., a section far removed from the important peanut oil p[illegible] ing centers of the United States, but which, however, is a very important as[illegible] and shipping point of peanuts destined for sale to the confectioner, baker, and [illegible]

NECESSITY OF EXISTENCE OF DEFINITE PEANUT CRUSHING INDUSTRY TO FARMER[illegible] GROW PEANUTS.

We now desire to point out that if the interests who have appeared before th[illegible] making bodies of the present Congress and argued strongest in favor of prohib[illegible] duties upon oriental peanut oil and upon all classes of imported peanuts whether [illegible] for crushing purposes or not, prevail, they will succeed in effectually killing th[illegible] ness of crushing domestic peanuts and this when they claim that their pleas [illegible] behalf of the domestic peanut crushing industry. Whether this work is being [illegible] with premeditated intent or through ignorance of the basic facts we are unable to s[illegible] We only know what will be the outcome of their misguided policy if adopted.

It is patent that there are certain advantages which would accrue to those wh[illegible] the farmers' peanuts and sell them to the nut trade if they can succeed in killin[illegible] already ill-defined peanut crushing industry in the United States. The farm[illegible] peanuts are consumed, commercially speaking, by two classes of users, first and [illegible] important is the nut trade or the users of peanuts for edible purposes, seco[illegible] crude oil mill which crushes them. It will be noted that we do not state th[illegible] farmers' peanuts are sold to two classes of trade. We say "consumed by" in pl[illegible] "sold to" because the farmer generally does not know what use is going to be ma[illegible] his peanuts unless they are obviously so rancid, or otherwise deteriorated, tha[illegible] can be used only for crushing purposes.

Obviously if a condition is created whereby the crushers of peanuts becom[illegible] couraged and quit the field the only people left to buy the farmers' peanuts w[illegible] those which assemble, shell, and clean them for sale to the nut trade. As long [illegible] fore, as the farmer has two classes of bidders for his peanuts and two outlets h[illegible] sured of a much higher market than if he had only one class of bidders and one [illegible] If he is forced by a wrong tariff policy into the hands of the shelling and c[illegible] plants, a dearth of competition will result which will make it unprofitable for [illegible] grow peanuts, a condition which existed some years back before crushers of o[illegible] began the crushing of peanuts in the United States.

The interests of the farmer who grows peanuts can best be conserved by th[illegible] ing of a policy which will build up a peanut-crushing industry in America. [illegible] ing the existence of a fully defined domestic peanut-crushing industry, pro[illegible] thus made for the disposition of the surplus which an especially heavy crop of do[illegible] peanuts might create over and beyond the needs of the nut trade. By me[illegible] this small surplus to the crude oil mills for crushing purposes the market [illegible] nuts is thereby relieved of pressure and higher prices assured. Without th[illegible] to market his surplus peanuts through this secondary outlet the grower would [illegible] mercy of the shelling and cleaning plants which buy for the nut trade.

We have brought out in our brief on peanut oil the fact that any attemp[illegible] clude the importations of foreign peanut oil from this country by the levying [illegible] duties will only result in the injury of our domestic peanut-oil industry. Such [illegible] can not enhance the price of domestic peanut oil, because the complete inter[illegible] ability of peanut oil and cottonseed oil forces peanut oil down to practically th[illegible] level as domestic cottonseed oil and no matter how little imported peanu[illegible] over the top of a tariff wall the price level of the domestic product can not rise [illegible]

vastly greater volume of domestic cottonseed oil rises along with it, an occurrence ch is best encouraged by heavy export demand and not influenced except ad- ely by the placing of artificial restraints upon the natural movements of the kets.

he actual and very concrete injury which would be inflicted upon the crushers of uts in America by the partial or entire exclusion of foreign peanut oil from the ntry would be the narrowing of the market for peanut oil with the consequent hitive effects upon domestic production which would result therefrom.

ne amount of domestic peanut oil produced under present conditions is small. ing 1920 only 13,086,000 pounds were manufactured and for the first six months of only 6,825,000 pounds which is preserving about the same ratio. This small estic production as we have clearly established in our brief on peanut oil is not result of competition from foreign peanut oil, but is due to the fact that the nut is willing to pay much higher prices for the peanuts than can be realized on when put through a crushing mill. This condition and the inability of crushers nport peanuts for crushing purposes to any important extent owing to the existence ohibitory duties is causing the dwindling volume of domestic production.

return to our statement in regard to the narrowing of the market for peanut oil consequent ill effect—the refiners of vegetable oils who purchase peanut oil manufacture products therefrom, such as cooking and salad oils and cooking fats, t have a large volume of raw material to draw upon. The vegetable oil refining stry and the manufacture of edible products therefrom is conducted upon a basis large volume of business and a small net profit, and before a given vegetable oil mes an attractive field of operations unhindered access to adequate supplies of rude vegetable oil must be assured. This is one factor responsible for the enor- growth of our domestic cottonseed oil industry. The domestic refiners have to run comparatively no risk of creating a demand by extensive advertising and ed merchandising for their products manufactured therefrom, and then finding they could not secure the raw material with which to fill the created demand. e being such an abundance of cottonseed oil obtainable many great factories been built in the course of the years of development of the industry since 1880 the crushing of cotton seed first became a distinct industry, which specialize e manufacture of edible products therefrom. There exists then in the cotton dustry a "wide market" for the crude cottonseed oil with consequent assurance constant demand.

e domestic production of peanut oil is of such insignificant volume and its growth ampered under existing conditions that it would be considered poor business y by the refiners of vegetable oils to devote time and effort to the refining of , and it has only been because of their ability to supplement their needs with gn peanut oil that they have been able to place upon the market various edible ucts composed entirely or mainly of peanut oil. If shut off from their access ese supplementary supplies they are then automatically forced to abandon the ling of peanut oil of domestic origin. This is what we allude to when we speak e "narrowing of the market for peanut oil," a condition under which only a few al users would furnish a limited demand for a small volume of peanut oil.

hile for reasons set forth peanut oil can never be a serious rival of cottonseed oil o apparent are the advantages of the upbuilding of a substantial domestic peanut dustry to the southern farmer who grows peanuts, the crude mills who crush and the refiners of vegetable oils who refine peanut oil and make it into finished e products, enough benefit evenly distributed among these interested factors to American labor will result therefrom to fully justify any constructive work in that direction. Peanuts are a most desirable crop in the boll weevil infested of the South or in a crop rotation scheme where cotton has made too heavy de upon the soil. The crushing of peanuts is simple and being of high oil yield ow labor cost in proportion to the value of the finished products renders the ing of same attractive, provided the crushing peanuts can be bought at sufficiently nces to enable the crude peanut oil to compete with cottonseed oil. The refined possessed of an excellent flavor and taste, there being no objectionable odor or to the crude oil which the usual refining processes will not remove such as are nt in certain other vegetable oils such as soya bean. In the growing of peanuts he crushing of same, and in the refining of peanut oil, American labor can find sive employment at tasks where skill and intelligence will assure enhanced ensation.

closely interwoven, however, are the destinies of the domestic peanut oil industry the importation of foreign peanut oil and crushing peanuts that none of the its above given are procurable unless the imported oil is allowed to enter the ed States and the domestic crushers allowed to import peanuts for crushing oses duty free.

PRESENT PERMANENT DUTY UPON PEANUTS RENDERS EXTENSIVE USE FOR CR[illegible] PURPOSES IMPOSSIBLE.

In the act of 1913 a duty of three-eighths cent per pound was placed upon unsh[illegible] peanuts and three-quarters cent per pound upon shelled peanuts, which equal[illegible] per ton and $15 per ton, respectively. The oil yield of a ton of unshelled nu[illegible] be stated as approximately 600 pounds and of the shelled 860 pounds. The ta[illegible] the oil from the unshelled nuts would be about $1\frac{3}{10}$ cents per pound and from [illegible] shelled nuts about $1\frac{7}{10}$ cents per pound. The normal price of peanut oil range[illegible] $5\frac{1}{2}$ to 7 cents per pound. Taking $6\frac{1}{2}$ cents as a fair price to be used for purpo[illegible] illustration, the tax amounts to 20 per cent ad valorem on the oil made from un[illegible] nuts and over 26 per cent ad valorem on that made from shelled nuts.

We have shown in our brief on peanut oil that it was not until prices unde[illegible] influence of war conditions had more than doubled normal prices that peanut [illegible] even a moderate quantity, could enter the country under the present permanent d[illegible] In 1917, with a prevailing price of 15 cents per pound, 27,405,090 pounds, a rela[illegible] small quantity, when considered in relation to the enormous volumes of vegeta[illegible] oils produced and consumed in this country, entered. Inasmuch as the pre[illegible] permanent duty on peanut oil is slightly over 12 per cent ad valorem when [illegible] on a $6\frac{1}{2}$-cent price, it can be seen that if this duty is so high as to keep the foreign pe[illegible] oil out of the country under normal price conditions, it is self-evident that [illegible] peanuts can not be brought in and used for crushing purposes with an ad va[illegible] duty two times or one and one-half times as large, figured on the basis of the[illegible] yield in the shelled or unshelled state, respectively. True, a small percenta[illegible] the peanuts imported during the last two or three years have been used for cru[illegible] purposes, but when these importations were made war values still prevaile[illegible] deflation had only begun to act.

TYPE OF PEANUTS COMMONLY USED FOR CRUSHING PURPOSES KNOWN AS FIE[illegible]

Peanuts for crushing purposes are imported in either the shelled or unshelle[illegible] They may be those which are rancid and therefore unfit for sale to the edible nut t[illegible] They may be the ordinary field run of peanuts and therefore ungraded. The[illegible] be very small peanuts, smaller than those utilized for edible purposes. Th[illegible] be peanuts containing a very large percentage of broken nuts. It can thu[illegible] that there is a more or less automatic separation between the two classes of pea[illegible] i. e., the crushing and the edible, the better class, sweeter nuts being util[illegible] edible purposes. (See addenda.) The price paid for imported crushing pea[illegible] also generally provides a means of separation, as the crusher, being usually un[illegible] pay as high a price as the buyer for the nut trade, secure a more inferior class of pea[illegible]

Peanuts for edible purposes are usually carefully graded according to size a[illegible] number of peanuts to the ounce, the most common commercial grade being [illegible] which signifies that there are 30 to 32 peanuts to the ounce.

CUSTOMS ADMINISTRATIVE FEATURES.

The administration of a tariff under which peanuts would enter duty free fo[illegible] ing purposes and would be dutiable for edible purposes would present no diff[illegible] In the administration of such a tariff the customs authorities could refuse to cle[illegible] peanuts through the customhouses at American ports of entry without a [illegible] affidavit from the oil-seed crushing mill in whose plant each lot of peanut[illegible] crushed. By refusing to clear such peanuts free of duty at the ports of entr[illegible] being actually sold to an oil-seed crushing mill, the administrative feature[illegible] thus simplified and the possibility of any circumstance whereby such peanut[illegible] be cleared as dutiable, the duty paid and then sold for crushing purpose[illegible] amount of the duty previously paid being claimed for by the exporter, [illegible] eliminated. In other words, by such a provision any peanuts intended for cru[illegible] purposes would have to be so declared at the original port of entry with sup[illegible] affidavit from the oil-seed crushing mill purchasing them.

We respectfully petition the committee to make provision in the tariff mea[illegible] under consideration for the duty-free importation of peanuts for crushing p[illegible] and that the proposed duty on peanut oil in paragraph 50, Schedule 1, be re[illegible] from $2\frac{1}{2}$ cents per pound to 40 cents per 100 pounds, as more particularly set [illegible] our brief on peanut oil.

ADDENDA.

I. F. LAUCKS (INC.),
Seattle, Wash., August 26, 1921.

EAI OF RAW MATERIALS, *Washington, D. C.*

:NTLEMEN: You are undoubtedly familiar with the fact that the variety of Chinese iuts used for crushing purposes is the residue which is left after the large sizes been taken out, and the larger sizes which are referred to are the count peanuts h grade from 28-30 to 38-40 nuts per ounce.

r your additional information we submit the following data regarding Chinese ed peanuts, which was obtained by our Kobe office during an inspection trip to gtau, China.

st of the peanuts used for crushing come from the Provinces Tsinan and Tsintong, h lie northeast from Tsingtau. The nuts are brought into Tsingtau as field run, the shells removed (field run contain nuts of all sizes). Few of the nuts coming the above Provinces are used for edible purposes, these being mostly consumed cal trade and by crushing plants. The peanuts coming from the Provinces of tai, Haishu, and Toshu, located southwest from Tsingtau, are used mostly for rt as hand-picked counted nuts for the edible trade. These nuts are, as a rule, r and of better quality than the nuts coming from the Provinces supplying the ing nuts. The nuts from these Provinces are brought into Tsingtau as field run, the shells removed, the shelling having been done mostly by hand. The field-roduct is hand picked to get the nuts of the various counts for edible purposes, pegs, shrivels, splits, etc., are used for oil-making purposes, and are usually d in with the nuts from the crushing quality Provinces at the time of making oil.

e sample which we are sending you is representative of the usual stock of crush-eanuts as used in the orient for oil-making purposes.

we can be of further assistance, please do not hesitate to call upon us.

Yours, very truly,

H. P. BANKS.

TEMENT OF NEYLE COLQUITT, WASHINGTON, D. C., REPRE-SNTING THE UNITED PEANUT ASSOCIATIONS OF AMERICA.

r. COLQUITT. I am also speaking for P. D. Bain, a farmer, who is rman of the tariff committee of this association; Mr. John P. ier, cleaner, who is president of the association, at Suffolk, Va.; T. H. Birdsong, warehouseman and farmer. The gentlemen who eded me said there were no farmers in our association. I am speaking for M. M. Osborn, secretary of the association; J. C. e, sheller and cleaner, Franklin, Va.; R. A. Pretlow, farmer and nan, all of whom are present in the room.

am speaking on the subject of peanuts, paragraph 757, of the lney bill. Judge D. Lawrence Groner, of Norfolk, has repre-ed this association and appeared before the House committee, since that time President Harding has appointed him to the ral bench, and for that reason he could not be present.

iese gentlemen—Mr. Kelly and Mr. Gordon, who preceded me, cularly Mr. Kelly—attempted to quote, or to misquote, members ur association anonymously as to what duty they would be fied with. They have no authority to speak for us. But I not dwell on what they said, for anonymous misquotations will impress this committee. We stand on our own words before House committee. We appeared before the Ways and Means mittee of the House and at that time we stated what the costs here and abroad. Those statements are open to these gentle- and they have not denied or refuted them. We contend that uts cost about 9½ cents in this country to produce; and how can ompete with the Japanese who produce peanuts for 1½ cents a d and pay a freight rate across the ocean of never more than it, unless we have a duty of 4 cents on peanuts? I do not know

how they figure. As a matter of fact, this duty would bring in very large revenue to the Government, as the rate would be con petitive.

At the present time the importations of peanuts, in pounds (takir the equivalent of peanut oil in pounds of the hulled nut for 1920) we in excess of the local production. Those figures can be had from t Department of Agriculture. In round numbers they reached t enormous total of 832,000,000 pounds in 1920.

We do not ask a prohibitive tariff in order to compete with the foreigners—and I speak particularly of Japan and China, which a not mentioned by these gentlemen. We are not speaking of poorer grade of nuts, but the nuts in competition with our Americ farmer. In order to compete with them at all we have got lower our costs of production in some way, and depend upon t superior quality of our nut, even with a 4-cent tariff.

The House placed a duty of 3 cents per pound on shelled and cents per pound on unshelled peanuts. The cost of cleaning a preparing peanuts for market is equal to the cost of shelling, a therefore the rate on both should be the same.

There should be a duty on peanut butter, peanut confecti salted peanuts, and other products made from peanuts not otherw enumerated. We suggest on that a rate of 5 cents per pound. T average cost of production in the United States is 7½ to 8 cents pound; the average cost of cleaning is seven-tenths of 1 cent average price of selling is six-tenths of 1 cent, making 9½ cents pound.

There are $88,000,000 of farm lands devoted to peanuts, approximately $20,000,000 invested in farm implements and mach ery, aggregating over $100,000,000 invested, in this country, approximately 131,500 people are employed in the industry in United States.

Mr. Bain is here, and I would like to have him take the rest of time, so that he can file a brief and reply to some statements m by other gentlemen.

Senator McCumber. We will be glad to hear Mr. Bain.

STATEMENT OF P. D. BAIN, NORFOLK, VA., REPRESENTING T UNITED PEANUT ASSOCIATIONS OF AMERICA.

Mr. Bain. I am representing the United Peanut Associatio America as chairman of its tariff committee, and I have a brief which I would like to file, Mr. Chairman, and I would be very g to answer any questions. There are many things that might said, but I can not make a speech. I am not used to that.

Senator McCumber. We have had so many speeches on this subj and the briefs you have filed are so complete that I think if committee has any capacity at all they ought to be able to und stand it.

Senator La Follette. You heard the statements of the gentl who preceded you?

Mr. Bain. Yes, sir; I heard Mr. Kelly, and my brief will not with his.

Senator La Follette. Will it cover the proposition which presented?

Mr. Bain. Yes, sir; I think so.

ßenator LA FOLLETTE. He stated your side of the case fully?

ßr. BAIN. I think so, sir; but there are some points of Mr. Kelly's ument to the effect that he could not get extra large peanuts.

ßenator LA FOLLETTE (interposing). I think if you would like to end your brief to meet any statements that have been made, it uld be agreeable to the committee to do that.

ßr. BAIN. I would like to answer some things already brought up. instance, about the oil business. Oil has been very low for the several months—4¼ to 4½ cents per pound. After shelled it ıld take practically 3 pounds of peanuts to make 1 pound of oil. you can see what price the farmer would get for his peanuts put oil. They absolutely could not do it; they could not produce at those prices.

ls Georgia and Alabama got from $25 to $28 a ton for a good ay of their peanuts this year, because oil was so low, and the rgia runners are a class of nuts that are not what we call an "edible "; they are not first-class edible nuts. Some of them are used, we do not consider them a first-class edible nut, such as the nish or the Virginia. Consequently, we want protection on peanut for the farmers who raise this class of peanuts. If you do not the protection, they can not raise them.

he whole South can raise peanuts, and some of the lands can not e anything else.

am just from the South directly here, and it is appalling the con- on that the southern country is in on account of cotton and the price of peanuts. The boll weevil have taken charge of a whole of that country. I have one of the boll weevils in a matchbox ch I caught day before yesterday. It is pitiful to see cotton l after cotton field that they will not get any cotton from, and sequently they will not get any seed with which to make oil; and need peanuts to make oil in place of the cottonseed oil. In other ds, cottonseed oil generally brings one-fourth to a cent a pound than peanut oil. That is my experience from actual sales. I interested in some peanut-oil business.

ast year we brought into this country approximately as many nuts as we raised here. That is, you put the peanuts back into -it takes, as I say, just now 3 pounds of shelled peanuts to make und of oil. So you can multiply this quantity of shelled peanuts hree. And then the large quantity of peanuts that actually came this country was 132,000,000 pounds—that is, peanuts alone, rding to the Government statements; the peanut oil was 000,000 pounds.

you can see that large quantity of peanuts and peanut oil that come to this country.

nator LA FOLLETTE. The peanut oil represented between three four times as much in peanuts?

r. BAIN. About three times as much in peanuts as in peanut and if that oil had not been brought here the farmer would have something for his stuff; it was an impossibility for us to compete the Chinaman.

is a fact that the Chinaman does not get over 5 to 8 cents a day his labor. And another fact, there have been peanuts brought Japan to the Pacific coast at $280 a ton, and those peanuts can

be brought to New York from the Pacific coast, all rail, at $2, and the same railroad would charge us $2.75 cents a hundred pounds to ship back to the Pacific coast. Those are facts that you can get from the Railroad Administration. Why we are discriminated against in that way I do not know. We have been fighting, but we have not got any relief.

Just to show you how the orientals are favored in most every thing of that kind, the railroad says: "We want freight to haul that way." That is about all the excuse we can get out of them.

Another thing—I do not know why this is the case—but China produces about twice as many and possibly three times as much to the acre as we produce. That speaks badly for our country, but they are intensive farmers. A farmer over there, as I understand, has an acre or 2 acres, and he produces everything to the limit you imagine.

Senator LA FOLLETTE. What is the average yield per acre in the South?

Mr. BAIN. We think the average, on the whole, is about 35 bushels to the acre. They have the advantage of freights; they have the advantage as to labor.

Senator LA FOLLETTE. What is the fair market price a bushel? You say you raise 25 bushels to the acre.

Mr. BAIN. We do raise about 25 bushels to the acre.

Senator LA FOLLETTE. What is your average price per bushel marketing them? I am trying to see what yield in value you get out of your land.

Mr. BAIN. That varies so much it is hard to tell, but I will tell you what it has been for the last two months. You take Georgia runners, and we have bought them at $27 a ton, delivered at our plant in Albany, Ga.

Senator SUTHERLAND. How many bushels are there to the ton?

Mr. BAIN. The Georgia runners average about 25 pounds to the bushel; the Spanish are carried at 30 pounds to the bushel; Virginias are carried at 22 pounds to the bushel. They vary in size. Consequently, they vary in number of pounds to the bushel.

You take a ton of Georgia runners—to make it a little more explicit than that: The Georgia runners will average 40 bushels to the acre and the Spanish will not average over 30 bushels to the acre.

Senator McCUMBER. There are other witnesses, so you must be as brief as you can.

Mr. BAIN. I will do that as much as possible. That is what I am trying to do. I am representing the farmer as well as myself. I am a farmer; I raise some nuts.

So you can see $28 a bushel is extremely low.

Senator SUTHERLAND. You mean $28 a ton?

Mr. BAIN. Yes. You can see how much it would bring a farmer an acre. He does not get the cost of thrashing. They cost about 60 cents to thrash and get them off of the vines. So that is about all of it.

It is appalling when a man goes to the South and observes conditions there. They are much worse off than the Virginia people. The Virginia people have a better class of nuts. The Georgia nuts supply the vendors entirely, and they have been getting the better prices

it they have been losing lots of money and our farmers there are in very bad condition.

Mr. Kelly said he could not get the large nuts except from China. beg to differ with him. If we can get a price here we can furnish om Virginia, North Carolina, and Tennessee the large nuts that he quires. They may not be 28s, but they will be 30 to the ounce, d we know there are large quantities of those peanuts going to be ported anyway, as there is a demand for those large-size nuts, and ey are going to come even if the tariff was 8 cents a pound.

Senator SUTHERLAND. Do you raise any nuts yourself?

Mr. BAIN. I have raised some nuts.

Senator SUTHERLAND. Are you now engaged in the production of ts?

Mr. BAIN. I do not raise them with my own hands, but I have ms on which they are raised; yes, sir.

Senator SUTHERLAND. But your business is principally shelling d cleaning, is it not?

Mr. BAIN. Yes, sir. Shelling and cleaning.

EF OF P. D. BAIN, NORFOLK, VA., REPRESENTING THE UNITED PEANUT ASSOCIATIONS OF AMERICA.

his brief is filed on behalf of the United Peanut Associations of America, an anization composed of peanut growers, millmen (peanut cleaners, shellers, and ilers), and other interests identified with the manufacture of peanut products. membership embraces the largest interests identified with the cultivation and oufacture of peanuts and peanut products in the United States.

. protective tariff for the peanut industry is a matter in which the farmer and the lmen are equally concerned, because the existence of the industry on all of its nches depends upon such tariff.

'eanuts are raised in nearly every part of the world. In Africa the yield is very e, but the quality inferior as compared to the American peanut. In France and in large quantities of peanuts are imported from India and South Africa, and when ported to the United States are a decided influence in fixing the price of the erican product. Since the World War, however, the importations from France Spain or either of them has been negligible.

n China and Japan a considerable part of the native population is engaged in ing peanuts, and the area of land under cultivation there is increasing rather than reasing, and the production per acre nearly double that in the United States. importation of Chinese-Japanese nuts into the United States has been on a con-ally increasing basis, and the quantity which may be imported is almost unlimited. s not therefore a question of supplying the surplus demand in this country—it is ly a question of the complete absorption of the American market. Within the last 'ears the importation of peanuts and peanut oils from Japan has grown from a few lion pounds steadily and uninterruptedly (except for a brief period during the ld War) until it reached in 1920 the enormous total of over 132,000,000 pounds of led and unshelled peanuts and approximately 165,000,000 pounds of peanut oil iivalent to approximately 700,000,000 pounds of peanuts), or a total of peanuts sported to its equivalent of farmers' grade peanuts in the shell of over 872,000,000 nds of peanuts—equal to nearly 90 per cent of the American crop.

his association does not ask for a prohibitive tariff, but it does ask for a protective f equal at least to the difference in the cost of production here and in the Orient, the cost of transportation and plus a small profit to the local producer.

he growth of the industry of recent years, the additional usage of peanuts and nut products, impels the conclusion that the industry is yet in its infancy and thousands of acres of land in the United States now abandoned or unprofitably l may be converted into peanut-raising farms, adding largely to the individual lth of the community and furnishing employment to additional thousands of lers. The demand for the peanut in confections and other industries will furnish ll times a market for the foreign-grown peanut, which, on the basis of the tariff osed and requested by this association, will, it is believed, increase considerably present revenue of the Government from this source.

Under the act of 1913 (par. 225) the tariff on peanuts was fixed at three-[illegible] 1 cent per pound on unshelled, and three-fourths of 1 cent per pound on [illegible] peanuts.

Ninety per cent of the importations into this country are of the shelled [illegible] This, of course, makes the imported nuts a direct competitor of the American [illegible] nuts, both as affecting the farmer and the millmen.

H. R. 7456, paragraph 757, as passed by the House of Representatives [illegible] for a tariff of 3 cents per pound on unshelled peanuts and 4 cents per pound on [illegible] peanuts.

We wish to suggest to this committee, or rather ask them to consider, that the [illegible] cleaning and preparing peanuts for market is equal to the cost of shelling; [illegible] that the rate on both should be the same. In China they wash and polish the [illegible] which are imported here as peanuts in the shell, and same is ready to go on the [illegible] a finished product.

We respectfully recommend to this committee that the duties be changed as [illegible] lows—that is to say, that a duty of 4 cents per pound be established for both [illegible] and unshelled peanuts, and that a duty on peanut butter, peanut confections, [illegible] peanuts, and other products made from peanuts not otherwise enumerated, be [illegible] with a duty of 5 cents per pound. A duty is requested on peanut oil as [illegible] the association's separate brief and filed with this committee August 18, 1921. [illegible] especially ask that the rate of 5 cents per pound for peanut butter, peanut [illegible] and salted peanuts be added to the proposed bill H. R. 7456, in order to protect [illegible] domestic manufacturer of these products against the imported manufactured [illegible]

COST OF PRODUCTION IN CHINA AND JAPAN.

No positive statistics are available for computing the actual cost of production [illegible] China and Japan. Application has been made to the Bureau of Information [illegible] subject, and direct to American representatives in these countries. But the [illegible] of fixing such costs has been shown to be due to the fact that the average [illegible] peanut farmer cultivates a very small area of land, frequently less than an acre. [illegible] requires and obtains no hired labor to do the work of planting and harvesting his [illegible] The work is done in nearly every instance of the small farmer by the children of [illegible] family, beginning as young as 5 years of age.

The average cost of production of peanuts in the United States under present [illegible] tions is at least 8 cents per pound. This average, of course, varies in the several [illegible] in which peanuts are grown. But by the most careful review of figures, in no [illegible] growing section of this country is it possible to figure an average in any State of [illegible] than 7½ cents per pound.

The average cost of cleaning and processing peanuts in order to prepare them [illegible] sale is approximately seven-tenths of 1 cent per pound, and the average cost of [illegible] ing is about six-tenths of 1 cent per pound (plus). From which it will be seen [illegible] the cost of the American-grown peanut in the condition in which the Japanese [illegible] arrives in this country for sale in our markets, is from 9 to 9½ cents per pound. [illegible] therefore, the cost of production in Japan is 1½ cents per pound, and if the [illegible] fixed at 4 cents per pound, and the cost of transportation at 1 cent per pound [illegible] is almost twice as much as the average shipping rate from Japan to the [illegible] seaports on the Pacific) it will be seen at a glance that the American farmer [illegible] sell, even at this increased duty—on a basis of equality of product—at a loss. [illegible] is, however, some small difference in the quality of the American and the [illegible] peanut, which gives certain grades of the American-grown nut a slight [illegible] in the market over the foreign grown. The difference in quality, plus such [illegible] in the cost of production as may come in the reestablishment of normal [illegible] it is believed by the members of this association, will probably take care [illegible] difference in the cost of producing it in Japan and China, plus the proposed [illegible] freight, etc. But less than the amount of duty asked would utterly fail to [illegible] the protection and preserve the American market for this product for the [illegible] farmer.

We are prepared with affidavits and other evidence, cost sheets, and such [illegible] tion as is pertinent, to prove to the satisfaction of this committee the [illegible] of the figures contained in the preceeding paragraphs, and if it be conceded [illegible] these figures are correct, no argument, it is submitted, is required to arrive at [illegible] conclusion which we insist upon, namely, that without the increased duty [illegible] this industry in which approximately 750,000 Americans are, directly and [illegible] engaged for a living, shall cease altogether to exist.

The United States Tariff Commission makes a statement that most of the [illegible] for crushing purposes are imported peanuts. We will admit our inability to [illegible] this commission arrived at that conclusion and feel secure in making it as a [illegible]

fact. We feel that we are in position to dispute same, and state that a very, very nall per cent of the importations of peanuts are used for crushing purposes. During e past season, some three or four shiploads came over to the United States, sold to l crushers, other consignments were sold to oil mills, because when they arrived e peanuts were damaged to such an extent that they were not suitable nor fit for y other purpose. We also call this committee's attention to the fact that there e in the extreme South some fifty and odd crushing mills, and they buy nearly all their crushing stock from American farmers. The fact is, that there is a competition tween the shelling trade and the crushing trade or oil interests, which govern hether or not the peanuts grown in the far South, go into oil or otherwise, and this ovides a market for the millions of bushels of the little Spanish peanut. Were ese, the entire crop, compelled to go on the market as shelled stock it would over-pply the domestic market and demoralize same, so that the oil market for domestic anuts is necessary to net the American farmer a living price on his peanuts.

Again referring to the cost of American production, we beg to call your attention the fact that the figures submitted above are all based upon the cost of the peanut the farmer on the farm and do not embrace in any instance transportation into the arkets of the country.

The cost of production of the Japanese-Chinese nut is figured as of the time of its rival at Seattle or San Francisco, the large ports of entry on the west coast. It is t, however, an uninteresting fact that the cost of transportation from the Pacific ast points to eastern points on peanuts, overland, is $2 per 100 pounds, whereas e cost of transportation from the East coast points to Pacific coast points, or the verse of the original proposition, is $2.75 per 100 pounds. This is a clear discrimina-n against the domestic peanut industry, and should be taken into consideration. e immense territory from the Mississippi River to the Pacific Ocean has, in a large easure, for years, more and more, been preempted by peanuts imported from the ient. This denial to the American farmer of his own market to the extent of 75 per nt of American territory is un-American and unjust. It inures only to the benefit the Chinese farmer, exporter, and the few American importers engaged in business the Pacific coast. No benefit or advantage accrues to the consumer.

There need be no fear that American farmers can not supply the demand for peanuts. y reference to Appendix A it will be noticed that there are approximately 9,340,000 res in the South that are adaptable to the culture of peanuts. The Government ports state that there are 1,240,000 acres devoted to peanuts in 1921. This was out the same as reported for 1920. Much of this land is unsuitable for any other op, much of it is infested with boll weevil, which has made the raising of cotton an ter impossibility. Hence we claim that our Government can reclaim idle lands for e culture of peanuts if a suitable and a reasonable market is provided for the merican farmer.

Attached hereto is an appendix containing certain general information which is bmitted for the information of this committee, and this brief is filed for the purpose affording the committee a general outline of the questions embraced in the imposi-n of a tariff duty on peanuts. It is expected to supplement the same at the oral aring by the evidence of men whose lives have been devoted to the cultivation d to the manufacture of peanut products, and it is requested that permission be nted to file with the committee from time to time such affidavits bearing upon the tistical questions involved as may be in point and helpful.

THE USES OF THE PEANUT.

Practically no portion of the peanut or peanut plant need go to waste. From the anut kernel is manufactured many different confections, peanut butter, salted nuts, etc. The peanut is now recognized as one of the most nutritious food products ed in the United States. The largest and best of nuts are sold for roasting and are d largely by street vendors.

Then from the varieties grown in all States of the South, with the exception of ginia, North Carolina, and Tennessee, is extracted one of the very best edible that is on our markets to-day. By crushing the peanuts in the hull (afterward ghtly cooked) is obtained a crude oil that must be refined before being placed on retail market. By shelling the nuts, removing the red skins and hearts, a virgin anut oil is obtained that comes into uses for which olive oil has long been the sole essor. Up until the time of the passage of the pure food laws requiring correct eling, it is said that much of the virgin peanut oil was sold as olive oil. The vines ve a high feeding value, but are in most Southern States left on the ground as a ans of fertilization.

Appendix A.

The importance of the preservation of the peanut industry to the United S... might be stated in value of money invested and the number of people affected. ... it has done for the farmer, and what the possibilities are for the future.

Capital invested.

Value of farm lands devoted to the culture of peanuts, taking the United States Government crop estimate reports of average for 1920, valuing the land at an average of $70 per acre	$88,362,...
Value of special farm implements required for culture and harvesting peanuts, approximately	7,70...
Value of equipment of peanut mills, shelling and crushing machinery, real estate, buildings, storage warehouses, etc	11,5...
Capital invested in manufacturing establishments for manufacture of peanut pickers and other special farm implements	750...
Total	108,312...
Number of people employed in the mills, shelling, cleaning, and crushing establishments	1...
Number of farmers (heads of families) estimated to be engaged in the production of peanuts in the United States	12...
Total	13...
Number of acres estimated in the South that is adaptable to the culture of peanuts and can thus be utilized if a market is available for the product	9,340,...

In the South, it is estimated that there are approximately 9,340,000 acres of l... that will produce peanuts. Some of this land is suitable for other crops, but th... are many sections of land that are not being used that can be devoted to produ... of peanuts.

The Spanish peanut is not so choice about the land, more than it should be ... soil, and will grow and make good production where other crops will fail. It ... cash crop for sections infested with the boll weevil, making the raising of cotton alm... an impossibility. We have a report from the southern part of Georgia this year st... ing that in certain sections the boll weevil has so taken the cotton crop that it is ... worth picking. One farmer who has 200 acres planted to cotton says that if he c... get pickers to harvest the crop that he would not have over three bales of cot... This proves that in these sections another crop is necessary in order to save thous... of farmers.

No American would be satisfied to live as do the Asiatics, and unless we want ... standards brought down to their level we must place barriers up so that their pro... can not drive our people out of business.

The committee's attention is invited to the sudden growth of imports for th... 1919 and 1920, as shown in Appendix B. From a gentleman who addressed the U... Peanut Associations of America convention held at Norfolk, Va., July 13, 19... learn the reason for this growth. That is that unlimited acreage can be br... under cultivation in China, especially in sections where peanuts and soya bea... produced. This land can be purchased for what is in United States currency ... $12.50 per acre. All that is needed is for the Chinaman to know there is a m... for his peanuts and peanut oil, soya beans, and soya-bean oil. If given the o... tunity, China could in time produce all the vegetable oil needed by the entire ...

The whole question in a nutshell, from our point of view, is that the en... volume of oriental importations of peanut oil should pay a tariff tax of at least ... per pound, first, to protect the peanut industry of the United States and, se... to produce revenue for our Government.

It is true that the importations of peanuts and peanut oil for the portion of th... 1921 are much smaller than in 1920, but let us not fool ourselves in believing that ... is no danger from this source. China can in a very short time resume exportin... volume she did in 1920 if given the American market.

Appendix B.

SOURCES OF IMPORTS.

Several years ago the imports of peanuts and peanut oil came principally f... France and Spain. But of recent years the tide has turned and is now domin...

lmost entirely by China and Japan. Japanese buyers predominate in Northern hina, and export from Japan. Many shipments are accredited as originating in apan, when they are, for most part, Chinese produced goods. This makes practically o difference, as the wage scale is about the same in the two countries.

The following figures were supplied this association by the Bureau of Foreign and omestic Commerce, Department of Agriculture:

Year ending June 30—	Peanuts unshelled.	Peanuts shelled.	Year ending June 30—	Peanuts unshelled.	Peanuts shelled.
12	12,950,563	2,627,475	1917	7,806,012	27,180,748
13	12,281,580	6,801,415	1918	3,150,747	73,362,215
14	17,472,631	27,077,158	1919 (embargoed)	1,444,221	19,462,080
15	14,540,982	9,643,691	1920	12,067,998	120,344,425
16	9,020,848	19,392,832			

This table takes no account of the importations of peanut oil, which in the year 1920 xceeded 165,000,000 pounds.

EXPORTS.

	Pounds.		Pounds.
912	5,920,711	1917	22,413,297
913	7,301,381	1918	12,488,209
914	8,054,817	1919	12,596,660
915	5,875,076	1920	14,137,956
916	8,413,297		

This proves conclusively that the exports of peanuts is a very small per cent of he combined total of domestic (see Appendix C) and imports. Taking for example he year 1920: Domestic production 37,499,000 bushels, or 937,475,000 pounds; imports, shelled and unshelled, 132,412,423 pounds.

One billion sixty-nine million eight hundred and eighty-seven thousand four hundred and twenty-three pounds on the American market and exports of 14,137,956 pounds shows a very small per cent of the crop exported.

The above comparison stated in pounds (domestic production) when linked with he imports, makes it appear that the imports are only 10 per cent of the domestic production.

In order to get a correct view of the proposition it is necessary to consider the following facts: Eleven million bushels of the domestic crop estimate (37,000,000 bushels) comprise the Jumbo, or large variety, grown only in Virginia, North Carolina, and Tennessee. The remainder of the 37,000,000 bushels are mostly Spanish variety, usually grown for their oil content more than to be shelled and sold to the manufacturers of confections, peanut butter, salted peanuts, etc.

The variety imported is the same as that produced in Virginia, North Carolina, and Tennessee. Of this there was imported 132,412,423 pounds shelled peanuts. It is estimated that more than one-third of the weight is lost in shelling, i. e., this much is taken up with hulls, trash, etc. So, in order to make up the amount imported of shelled peanuts it required 200,000,000 pounds of farmers' stock peanuts (and this is a very conservative estimate). Then add to this the amount imported in the shell and we have a total of 212,000,000 pounds imported peanuts, reduced to equivalent of American-grown farmers' stock peanuts. Twenty-two pounds of this variety is recognized as a bushel, this makes the imports almost equal to the Government estimate of the domestic production of the same variety grown in Virginia, North Carolina, and Tennessee. In fact it can be said that they are equal, because of the fact that a loss of at least 10 per cent is met with in cleaning peanuts to be sold in the shell.

Now we will compare the remainder of the Government's estimate of domestic production with the imports of peanut oil, because peanuts were required abroad to manufacture this oil, and same after being in this country came into competition with domestic oil.

It is generally estimated that on an average a bushel of Spanish peanuts (30 pounds to the bushel) will produce 1 gallon of oil. The imports of peanut oil for 1920 were 22,064,363 gallons; so granting that it requires a bushel of peanuts to produce one gallon of oil, we have here represented 22,064,363 bushels of foreign peanuts—peanut oil reduced to its equivalent in peanuts. Subtracting the 11,000,000 estimate for Virginia-Carolina section from the total United States production, we have an estimate of the entire domestic production of peanuts outside of these two States of near

26,000,000 bushels. This makes the ratio of imported and domestic peanuts on o[illegible] markets about 55–45, almost as much imported as is produced in the United Sta[illegible] making an equation 55 domestic grown and 45 imported.

Appendix C.

DOMESTIC PRODUCTION.

The rapid growth of the peanut industry during recent years is one of the [illegible] striking developments that have taken place in the agriculture of the United States.

Peanuts were introduced commercially into the United States about 18[illegible] [illegible] from that time until about 1900 the production increased gradually. In 1[illegible] [illegible] production amounted to 3,588,143 bushels. In 1909 this increased to 11,[illegible] bushels from an acreage of 869,887.

The following is the report from the Yearbook of Department of Agriculture:

	Bu[illegible]
1916 (1,043,350 acres)	34,4[illegible]
1917 (1,842,400 acres)	52,[illegible]
1918 (1,865,400 acres)	46,0[illegible]
1919 (1,251,400 acres)	33,[illegible]
1920 (1,268,000 acres)	37,4[illegible]

Appendix D.

PEANUTS A SUITABLE CROP FOR BOLL-WEEVIL INFESTED SECTIONS.

Several years ago the boll weevil began its destructive work on cotton in the S[illegible] It appeared for a few years that the sandy land districts were ruined, as the san[illegible] soil farmers could not successfully grow the substitute crops, such as wheat, oats [illegible] corn. On account of the condition sandy-land farmers, merchants, and bank[illegible] faced bankruptcy and were saved only by the increased acreage in peanuts, s[illegible] sections planting as much as 60 per cent of the entire cultivated acreage. Af[illegible] producing one or two crops the sandy-land farmers realized that the advent of t[illegible] boll weevil was a blessing in disguise. "Peanuts and hogs" soon became the sand[illegible] land farmers' motto.

Now, if to-day we permit the Chinese farmers to usurp American markets w[illegible] their cheaply produced peanuts and soya beans, we at the same time remove [illegible] from the southern farmer, who has found it a life-saving factor. We can not beli[illegible] that this committee will so rule.

BRIEF OF GEORGE R. SIEVER, REPRESENTING THE FOREIG[illegible] COMMERCE ASSOCIATION OF THE PACIFIC COAST.

This brief is presented on behalf of the import peanut industry of the Pacific [illegible] comprising those engaged in transporting, handling, weighing, analyzing, inspect[illegible] storing, manufacturing, and marketing imported peanuts and peanut products.

We respectfully recommend that paragraph 757 of the Fordney tariff bill [illegible] proposes a duty of 3 cents a pound on peanuts not shelled and a duty of 4 cen[illegible] pound on shelled peanuts, be made to read as follows:

"757. Peanuts not shelled three-eighths cent per pound; shelled peanuts th[illegible] fourths cent per pound."

We make this recommendation because of the following facts, which will be [illegible] established herein:

1. The production of peanuts in the United States is not now, and never [illegible] been, sufficient to meet the requirements of our consuming market.
2. The rapidly growing demand for peanuts, increased by the use of this comm[illegible] in new industries, will bring about a steady expansion of the domestic mark[illegible] will provide a field for both domestic and imported nuts for years to come.
3. Foreign peanut producers have no advantage over American growers in [illegible] peting for the home market, as laid-down costs in the principal consuming c[illegible] are practically the same.
4. The losses of domestic producers can not be ascribed to the competit[illegible] imported peanuts, as all agricultural commodities suffered similarly during the [illegible] slump in prices.
5. Already favored by a superior product, bringing higher prices, domestic gr[illegible] will obtain additional protection against any possible future advantage of [illegible] producers by a return to normal conditions, the standardization of processes, and [illegible] improvement of marketing methods.

6. The proposed duty is so prohibitive as to amount to a virtual embargo.
7. By giving manufactured peanut products a lower duty than raw peanuts, the oposed rate will seriously discriminate against American industries.
8. Restrictive duties on peanuts will injure our trade relations with promising eign buyers of American manufactured products.
9. Our merchant marine and the domestic side of importing represent hundreds of llions of dollars in invested capital and thousands of American citizens—an indus- that deserves the same consideration given to other lines of domestic business.
10. The principal nations of Europe have placed reasonable rates of duty on peanuts d peanut products, an example that should influence similar action by the United ates.

The tariff history and the general features of the peanut industry, domestic and eign, have been given such exhaustive attention by the southern producers that will not be necessary to give these phases of the subject more than occasional erence herein.

For a consideration of the oil side of the peanut industry we respectfully recall to minds of members of the committee the comprehensive statement covering all getable oils, submitted at an earlier hearing by the bureau of raw materials for erican vegetable oils and fats industries.

First point: "The production of peanuts in the United States is not now, and er has been, sufficient to meet the requirements of our consuming market."

Introduced into the United States in 1870, the peanut industry has grown by leaps l bounds, but never speedily enough to equal the demands of the public for this ular, nutritious, and moderate priced food. Within the last five years the indus- has assumed most important proportions, as the statistics of the Departments of riculture and Commerce show.

From these figures (presented at hearings of the Ways and Means Committee by estic growers) we find that in 1916, with a domestic production of more than 0,000,000 pounds (30 pounds to the bushel) the American market absorbed almost 00,000 pounds of imported peanuts in addition In 1917 with a domestic crop 1,500,000,000 pounds, 50,000,000 pounds of imported peanuts were required to sfy the market In 1918, the South produced 1,400,000,000 pounds, and 103,000,000 unds were imported to meet domestic demands. In 1919, with a domestic pro- tion of approximately 1,000,000,000 pounds, the American market absorbed ost 35,000,000 pounds in addition. Last year we produced about 1,200,000,000 nds and imported 175,000,000 pounds; a total of one and a third billions of pounds eanuts, practically all consumed in the United States.

The above figures show that we have not yet reached a stage where we can depend n our own growers to produce the enormous quantity of peanuts that our con- ing market requires. It is evident, therefore, that any duty whatever placed n imported peanuts will react upon the consumer as an addition to the price would otherwise pay. Recognizing the demands of the Government for addi- al revenue, however, we recommend the readoption of the rates provided in the ff act of 1913, that proved such a profitable source of income without victimizing consumer.

In computing the above for comparison with domestic nuts not shelled, we have ed one-third to the volume of shelled nuts imported, as this is about the weight in shelling.

Second point: "The rapidly growing demand for peanuts, increased by the use his commodity in new industries, will bring about a steady expansion of the estic market that will provide a field for both domestic and imported nuts for s to come."

According to those closest in touch with the peanut industry, the demand for nuts will undoubtedly grow rapidly for a number of years, even allowing for a dy increase in the acreage under cultivation, in this way continuing the inade- y of production as compared with consumption.

We direct your attention to the facts brought out by Mr. George Carver, an expert ess who represented the domestic growers before the Ways and Means Committee. In a most interesting brief (House hearings, p. 2070) Mr. Carver stated that the ibilities of the peanut industry were unlimited. Referring to the staggering es of production, importation, and consumption presented, Mr. Carver told the mittee that the field for the peanut's use had barely been touched.

The witness cited 150 commercially possible adaptations of the peanut, requiring he nut's component parts—meat, oil, skin, and hull. Some of the many and ed products Mr. Carver mentioned that have already been successfully made the peanut are confections, breakfast foods, flour, milk, coffee substitutes, stock- , quinine, face cream, dyes and stains, polishing substances, etc.

The enormous business built up in peanut oil during the war indicates the possibilities of the nut from the oil side alone.

The fact that the domestic market last year consumed all the peanuts grown here and importations in addition declared by the producers to be "infinitely greater than in any previous year, although only a few of the nut's many uses were exploited, shows the enormous capacity of the home market and indicates what may be expected in the way of future expansion.

The Southern growers themselves realize that they can not hope to supply the entire demand for years to come, as is evidenced by the statement in their brief (House hearings, p. 2054) "The demand for the peanut in confections and in other industries will furnish at all times a market for the foreign-grown peanut."

Third point: "Foreign producers have no advantage over American growers in competing for the home market because laid-down costs in the principal consuming centers are practically the same."

In pressing their claims for a high protective tariff domestic producers have stressed the contention that the home industry is menaced by low-priced foreign competition. In an effort to bolster up these claims the southern peanut shellers have charged that peanuts can be bought in the Orient for 1 or 2 cents a pound, transported to this country as ballast, practically without cost, and disposed of at a price less than the cost of hauling domestic nuts to home markets.

The evidence on which this remarkable statement is based is admittedly composed almost entirely of hearsay and guesswork. In the brief of the United Peanut Associations presented to the Ways and Means Committee (House hearings, p. 2... exhaustive estimates of oriental production costs, carefully prepared by the growers to substantiate their claims, were prefaced by the remark that "no positive statistics are available for computing the actual cost of production in China and Japan." The reliability of evidence established on such a basis may properly be questioned.

For a short comparison of costs of peanuts, domestic and imported, laid down in the principal markets of this country, we find that domestic nuts last year cost from ... to 8½ cents a pound (House hearings, p. 2051). On the other hand, statistics presented by the growers themselves (House hearings, p. 2068) show that the "export c. i. f. Pacific coast ports price of the 30–32-ounce grade in June, 1920, was $7.... 100 pounds. The export price for the small-sized quality was slightly less; but as the total yield is very small the export of these qualities amounts to little."

To be perfectly fair we will figure domestic nuts as worth 8 cents in the South and oriental peanuts as worth 7¼ cents c. i. f. Pacific coast ports. Using the duty of three-fourths cent per pound provided in the tariff act of 1913—the duty recommended for readoption—makes the imported peanut landed at Seattle or San Francisco, duty paid, cost equally as much as the domestic nut in the South. The cost of transportation to Middle-Western markets is a little higher from Pacific coast terminals than from Norfolk; and appreciably higher from Pacific coast terminals to New York than from Norfolk to that point. From this comparison based on growers' testimony and the reasonable rate provided in the tariff act of 1913, it is evident that laid-down costs in the primary American markets in 1920 were actually less than those of foreign nuts coming into direct competition.

Another factor that must be considered is the distinct preference of the American buyer for domestic nuts. From growers' statements (House hearings, pp. 2... Japanese and Chinese peanuts "are not as good or as merchantable or as susceptible to conversion in sales in the raw state or the roasted state as the American peanut." And (House hearings, p. 2055) "there is some small difference in the quality of the American and Japanese peanut, which gives certain grades of the American product a slight advantage in the market over the foreign-grown." It is thus seen that the two varieties are not only on a fair competitive basis as regards laid-down costs but the domestic nut has a noticeable advantage on account of the preference of American buyers for the home-grown product.

In demanding tariff relief to protect domestic growers from alleged unfair freight rates to markets west of the Mississippi, the southern producers are attempting to set Congress against the Interstate Commerce Commission. Even admitting the justice of their claim to the rate basis they desire, we submit that the proper place for this matter to be taken up is before the Interstate Commerce Commission which has been delegated by Congress to supervise transportation rates.

If it is claimed that comparisons of relative costs during normal times would not justify the conclusion reached from the above computations, we direct your attention to a further consideration of this point. According to the testimony of the United Peanut Associations (House hearings, p. 2051), peanuts were produced in the South under normal conditions at a cost as low as 3½ cents a pound. Factors influencing this price and favoring the domestic nuts are extensive and large-scale production, machine cultivation and harvesting, and the proximity of consuming markets to producing sections.

On the other hand, foreign peanuts are grown and marketed under the most un- orable and primitive conditions, thousands of miles from United States markets. duced on small farms according to antiquated farming methods, they are hand- nted, hand-cultivated, hand-harvested, and hand-shelled by labor known for its productivity.

ut production costs are probably the least important of the many items of expense etting the nuts to American markets. The committee is no doubt familiar with charge now being made by western cattlemen that the railroads get as much for ying steers to the Chicago market as the ranchers get for raising the stock. Such litions have long prevailed in the Orient, and together with the expensive system rading through numerous middlemen, marketing costs equal production costs ral times over.

luctuations of exchange constitute another difficulty that must be overcome. le passing through the hands of the various middlemen, native currency must be ed into taels, and then to gold; or from silver yen to gold yen and then to gold rs. Risk of loss from this source requires that a considerable allowance be made very transaction to cover possible fluctuations, an item that adds to the final of the nuts appreciably.

t harvest time the peanuts are brought to the local market to be turned over to native buyer who has probably contracted for the crop months in advance. They then hauled to the larger native market or to the export center—in the case of ese peanuts destined to the great Kobe market, they are handled across the dock loaded aboard ocean carrier at port of departure, unloaded, and likewise handled obe, then hauled to a warehouse for storage. In the wholesale center they are to the next middleman, rehauled, and reloaded aboard vessel, this time for trans- ition to Europe or the United States.

e transpacific haul, far from being practically nominal, is a considerable item, in al times amounting to about 40 cents per 100 pounds. During June, 1920, when ¼ cents per pound c. i. f. Pacific coast ports figure obtained, the rate was about er ton on unshelled and $15 per ton on shelled peanuts. (These figures secured conference to which United States Shipping Board is a member.)

riving in the United States the nuts are handled across terminal of entry and is paid. They are then rehauled and rewarehoused for a time or loaded on rail- cars and transported to their final destination at once.

thout going further into the matter it can easily be seen that such an intricate costly process of marketing under the unstable and speculative conditions of national trade can not be accomplished at a cost that will permit a promiscuous r of low-priced foreign peanuts. And certainly peanuts so handled can not be in American markets at a price unfairly competitive with peanuts grown in the h at a cost of 3½ or 4 cents a pound.

the foregoing comparisons we have used the moderate tariff rate provided in the act of 1913. It is therefore evident that the imposition of any additional duty ever will undoubtedly restrict peanut importations proportionately or raise the the consumer must pay, or both.

urth point: "The losses of domestic producers can not be ascribed to the com- ion of imported peanuts, as all agricultural commodities suffered similarly during cent slump in prices."

e of the points most emphasized by domestic shellers in their efforts on behalf igh tariff rate has been the argument that the loss caused the peanut grower by ecent price drop was due to the absorption of the market by foreign peanuts. bstantiate this argument they have referred to sales of imported nuts on this for 2 cents a pound, the inference being that such competition demoralized the et and caused domestic producers an enormous loss.

s hardly logical to consider importers, controlling but 10 per cent of the market- peanuts, to be responsible for the losses of holders of the bulk of the commodity. matter of fact, all agricultural commodities suffered a price decline, in many far more serious than the slump in the peanut market. Cotton and grain are ples.

en, too, the lowest recorded sale was for 2.8 cents a pound. This figure was ed for a thousand tons of off-grade nuts that cost the importer 9½ cents c. i. f. e. It will be noted in connection with this and other low-priced sales that these ctions all resulted in a loss to the importer and not a profit. When the domestic et slumped, importers were caught with stocks that they could not unload at rice of the more readily salable domestic nuts and were forced to liquidate at far below costs of production or importation. The committee may rest assured here was no element of profit to the importers in such sales. The failure or

forced retirement of four-fifths of the war-born Pacific coast importers was necessita
by the tremendous losses sustained during this period.

It is evident that in blaming the importers for their losses domestic producers h
again lost sight of the economic basis of all business and their attempt to secure
lative regulation of economic laws will prove equally in error.

Fifth point: "Already favored by a superior product, bringing higher p
domestic growers will obtain additional protection against any possible futur
vantage of foreign producers by a return to normal conditions, the standardizati
processes, and the improvement of marketing methods."

We have already shown from the admissions of the domestic producers them
that peanuts raised in the United States are preferred by buyers to the foreign
to the extent of bringing a slightly higher price, grade for grade.

It is our further contention that besides this advantage over foreign competi
domestic producers will gain an additional degree of protection with the retu
normal conditions and the development of the industry in this country that is
come from the efforts of the growers to produce and market their crops more effic

The research work spoken of by Mr. George Carver, technical expert of the
(House hearings, p. 2070), is an indication of the attitude of the industry, and i
are not already under way to bring about a standardization of methods, a more
system of grading, more intensive annual marketing campaigns, and other coop
activities such as have been conducted with such success by California asso
of producers of almonds, walnuts, and fruits, such steps must shortly be taken

The vigorous efforts of the domestic peanut producers to obtain tariff conce
that will stifle outside competition and give domestic growers a corner on the
market is an evidence of the strength of this half-century-old industry and of its
to hold the market it already controls.

The continuation of the American importers' privilege of filling the unsup
demand that always has remained after the absorption of the American crop
inure to the benefit of the consumer without any but a fair competitive effect
domestic grower, who is well favored in such competition by his geograph
economic advantages.

Sixth point: "The proposed duty is so prohibitive as to amount to a virtua
bargo."

It has been so frequently stated by domestic producers that foreign peanuts can
a duty of 2, 3, or 4 cents a pound that it is necessary to briefly analyze this content

We have already shown that, due to the peculiar marketing process through
imported peanuts must pass, the cost of landing the nuts in the primary mark
the United States under normal and abnormal conditions is practically the sa
the laid-down costs of domestic nuts in the same centers.

We have also shown that the only reason imported nuts have ever been b
in has been to meet an unsupplied demand that domestic nuts could not fill, a
only price that has ever been received for their sale that has netted a profit
importer has been a price but slightly under the price enjoyed by the domes
that controls the market.

Yet during the hearings on the emergency act the charges were again made
imported nuts were produced for 1 or 2 cents a pound, and transported at a negli
cost, therefore well able to stand a 3-cent per pound rate.

The effect of the emergency act on peanuts has been all that the importers proph
Although the 1920 crop was of much better quality than that of 1919 (House hea
p. 2064) and therefore better able to stand tariff restrictions than is usually th
with imported peanuts, imports since the 3-cent duty became effective have b
below the volume received during the same period last year.

As an example, during the month of July, 1921, 15 tons of peanuts entered the
of Seattle. During the previous month, 1920, 2,200 tons came in. Comment on
figures is unnecessary.

Statistics for the entire United States are not yet available for July, 19
advance information in the hands of your committee probably shows that the
gency act has cut importations of peanuts to about one-tenth of the volum
entered the country during July, 1920.

If there were no further facts to confirm our statements as to the cost of
foreign peanuts here, the enormous loss in tonnage received since the enactment
emergency measure would show conclusively that these costs are not the
arbitrary charges domestic growers have always claimed, but represent the a
of getting the goods to market. These costs can not be controlled by the importer
supplier, and the only result of an increase of the duty above ½ cent per pou
reasonable rate, will be to keep out foreign nuts and give the southern g
corner on the home market.

t is hardly necessary to further point out that with an excessive price for peanuts, ir use would be confined entirely to confections and the higher-priced foodstuffs, is shutting off outlet for the nuts in the many and varied industries that a reasonable ce on peanuts would make commercially possible. (See testimony of Mr. George ver, House hearings, p. 2070.)

eventh point: "By giving manufactured peanut products a lower duty than raw nuts, the proposed rate will seriously discriminate against American industries."

lealizing the necessity for foreign peanut oil to augment our own production and nish a badly needed raw material to our industries, the House has attempted to iove the embargo on the oil that exists in the emergency act, and, although it is true reduction that has been made is wholly inadequate for the purpose, it is an indi- ion of the justice of the importers' claims.

s the bill now stands, a most unjust and indefensible ratio exists between peanut dutiable at 2½ cents a pound; peanut cake and meal, free; and the raw peanuts n which these products are made dutiable at 3 and 4 cents a pound.

n the past it has always been the purpose of Congress to encourage manufacture or er refinement of foreign raw products in this country, in view of the beneficial ct it would have on our industries. That this administration's tariff policy should bunded on an opposite aim is unthinkable.

Ve therefore urge that the tariff on peanuts, shelled and not shelled, be reduced to oper proportion of the rate on peanut oil, for which a very nominal tariff has already n requested.

ighth point: "Restrictive duties on peanuts will injure our trade relations with mising foreign buyers of American manufactured products."

'hat success in foreign commerce is vital to America's future expansion is an ac- ted fact. The Departments of State and Commerce devote a major share of their rts to its promotion. Congress in enacting the Webb-Pomerene, the Edge, and es bills, in establishing the Shipping Board, and in countless other ways has icated its desire to aid in building up this trade. Chambers of Commerce, trade ciations, magazines, even universities, throughout the country are cooperating every way possible to stimulate public thought and interest along foreign trade s. and the result is that for the past five years one of the few things upon which American people have been united has been the importance of foreign trade and necessity for its encouragement. Yet it is a fundamental economic law that ween nations that engage in foreign trade there must be a reciprocal exchange of imodities.

merican importations of oriental peanuts to fill the unsupplied demand of our ket, place American dollar credits at the disposal of the Chinese and Japanese. se credits can be used, and are used, to purchase American machinery, textiles, her goods, lumber, grain, and all the articles required by the enormous popula- s of Asia, where the trend of modern civilization has just begun and where oppor- ities for American industries are perhaps more promising than in any other sec- of the world.

he statement that legislation penalizing foreign commerce will prove a boomerang Imerican industries is not merely a warning but an accomplished fact. Partly to the severity of the emergency act on important oriental imports, a large part he valuable export commerce that passed through the port of Seattle has been Statistics of the Seattle port warden, who keeps a record of all import and export age passing through this city, show a decrease in the volume of goods exported this port of 3,000,000 pounds a day, representing a daily loss of trade valued at),000. This comparison is made with figures for July, 1921, and July, 1920.

uring June, 1921, according to statistics of the Bureau of Foreign and Domestic imerce (July figures not yet available), total exports were but one-half of what were during the month of June, 1920, a loss of trade valued at $300,000,000. Such normous restriction of commerce, caused in part by a bill covering only a scat- ng list of commodities, emphasizes the truth of the warning that the industries he United States will pay dearly for any tariff subsidies granted for the benefit referred groups.

inth point: "Our merchant marine and the domestic side of importing represent dreds of millions of dollars in invested capital and thousands of American citizens— industry that deserves the same consideration given to other lines of domestic ness."

considering legislation affecting the importer it is not always remembered that import and export and shipping industries and their many allied interests com- e a huge domestic business, in which millions of dollars of capital is invested on which hundreds of thousands of our citizens are dependent.

It will be remembered that our Government has a great deal tied up in a mer[illegible] marine that depends upon the import and export industry for its very exist[illegible] that many municipalities as well as private concerns have spent enormous sum[illegible] the construction of terminals to handle overseas commerce; that the number of man[illegible] facturing plants operating exclusively on foreign orders is large; that marine insura[illegible] companies, customhouse brokers, etc., most usefully engaged, depend upon fore[illegible] trade as much as do importers and exporters themselves.

To return to the subject of peanuts; imported peanuts and peanut products must [illegible] transported, handled, weighed, inspected, stored, manufactured, and market[illegible] through domestic channels, bringing revenue to all the domestic interests so engag[illegible] We submit that the domestic side of this important industry also merits protection.

Tenth point: "The principal nations of Europe have placed reasonable rate [illegible] duty on peanuts and peanut products, an example that should influence sim[illegible] action by the United States."

One of the strongest facts that can possibly be advanced to support our request [illegible] a maintenance of the rate provided in the tariff act of 1913 is that our principal for[illegible] competitors in world trade, although producers of peanuts themselves, have n[illegible] theless placed reasonable duties on peanuts and peanut products.

England, France, and Germany, who fully recognize the value of the Asiatic mar[illegible] kets, are putting merely nominal restrictions on the entry of the principal orie[illegible] raw products, peanuts, and peanut products among these.

England, with a vast acreage under peanut cultivation in British West Afr[illegible] imposes no duty whatever on peanuts or peanut oil.

France, controlling one of the most productive peanut-growing sections of the wor[illegible] Senegal, West Africa, which ships through the great Marseille market, admits [illegible] nuts produced in the Orient free and assesses the oil only 23 francs per 100 kilogra[illegible]

The rate of duty on raw peanuts in Germany is 4 marks per 100 kilograms, and [illegible] oil, 12 marks per 100 kilograms.

This action on the part of the nations referred to has already given them an adva[illegible] tage over American competitors for the markets of the Orient, as they have be[illegible] enabled to extend the advantage in trade relations given them by their purchase [illegible] Chinese and Japanese raw products to benefit their sellers of fabricated goods. Fre[illegible] quent sailings from the Orient to Europe by vessels carrying peanuts and other ra[illegible] materials provide cheap and convenient steamer space to transport German, Fren[illegible] and English manufactured goods to the Orient on the return trip.

From this precedent, established by our foreign competitors, alone, your commi[illegible] would be justified in striking out the unreasonable 3 and 4 cent peanut rates, [illegible] when the many other facts that have been shown in the foregoing brief are considere[illegible] a return to the reasonable rate of the tariff act of 1913 is seen to be imperative.

(Indorsed by the following: Port of Seattle Commission, W. T. Christensen, pre[illegible] dent; Importers and Exporters Association of Seattle, H. A. Kimball, presid[illegible] Customhouse Brokers Association of Seattle, W. G. Houseman, president.)

STATEMENT OF J. B. PINNER, REPRESENTING THE PEANU[illegible] INDUSTRY, SUFFOLK, VA.

Mr. PINNER. Unaccustomed to address a body like this, I s[illegible] have to crave your kind indulgence, and I can say that the remar[illegible] make will have one merit and that will be the merit of brevity.

We have filed with the committees of the House and the Se[illegible] our briefs. We do not know that we can add very much to th[illegible] briefs except to call your attention again to them and to request [illegible] they be perused once more.

I am representing to-day the growers of peanuts in their [illegible] state and the millmen, the shelled peanuts and the peanuts in [illegible] shell.

We think that if you contemplate for one moment the neces[illegible] of some protection to the American grower you will find that we a[illegible] representing perhaps an investment in the business of about $[illegible] 000,000. We are representing about 110,000 heads of farmers' fa[illegible] lies in the South who grow peanuts, about 10,000 people who a[illegible] engaged in the milling of peanuts, for peanuts can not be sold imme[illegible] diately from the farm but have to go through a process of milli[illegible] in order to be placed upon the market; that is, peanuts for the [illegible]

se of roasting and for the shelled peanuts which go into the con-
tions and by-products.

Therefore, we think that it is an industry which should be carefully considered in all of its relations, and we find that we are opsed by the importations of peanuts from China through Japan, d our contention is that it is impossible for our American farmers the Southland where peanuts are grown to compete with the iatic labor and with the cheap ocean freights and sell our product anything like cost of production.

Senator SMOOT. Are you changing the request made by others as the amount that should be imposed on peanuts?

Mr. PINNER. No, sir.

Senator SMOOT. What are you asking for?

Mr. PINNER. We are asking for 4 cents a pound.

Senator SMOOT. For the shelled and unshelled?

Mr. PINNER. Shelled and peanuts in the shell.

Senator SMOOT. The House gave you 3 cents a pound for unelled and 4 cents for shelled?

Mr. PINNER. Yes, sir. We are asking 4 cents on both of those. e find that there has been a very large importation of peanuts om year to year from China, until 1920 it resolved itself into enormous amount of 120,000,000 pounds of shelled peanuts and 000,000 pounds of peanuts in the shell which came into this coun- in 1920.

The condition of our peanut growers is deplorable at this time. ere is not any question about the fact that we have arable land itable for the cultivation of peanuts equivalent to about 9,000,000 res, which can supply all the peanuts that we need in this country r all the demands which have arisen and which will likely arise. e are asking not for a prohibitive tariff; we are asking that there ll be just an equalization comparable with conditions of produc- the peanuts abroad and that of the production of peanuts in this untry.

Senator McCUMBER. Will you explain why you make no difference your request between shelled peanuts and unshelled peanuts, but for the same tariff on each?

Mr. PINNER. Well, because the prices have been just about the ne for shelled and unshelled because the production and the mill- will be about equal as they are put out to the market.

Senator McCUMBER. Is that because you use a different kind for se which you shell?

Mr. PINNER. Yes, sir; and those that are in the shell. We have use the largest peanuts for the roasting purposes, and the shelling ck is the lower grade, but the cost is about the same.

We have raised this year, under adverse conditions, about 4,000,000 gs of peanuts. That has supplied and will supply, without the portation of a single bag from anywhere, all that we shall demand.

Senator McCUMBER. How many pounds are there to the bag?

Mr. PINNER. In the farmer's hands good Virginia run from 70 85 pounds to the bag.

We find that the price of peanuts now absolutely is so low that actically our farming element who raise peanuts are in desperate aits. They are unable to pay their bills; they are unable to pay ir taxes; they are unable to pay their debts to the banks. I have

just learned, in fact, that some of our farmers have absolutely at this Christmas time had to withdraw their children from school and put them to work. They are not clothed properly, and they are in bad condition; they are in distress, gentlemen, and were it not for the support which the War Finance Corporation has brought to this present crop we do not know where our peanuts would have gone. We could not have used them at all; they would have gone possibly into the feeding of hogs or some other similar uses. The War Finance Corporation has made arrangements for the advancement of $1,000,000 to the Peanut Growers' Exchange, who are farmers organized for the purpose of not doing anything, as I understand it, except to prevent the glutting of the market at times during the season, and to try to hold the price at some point where it will enable them to live and produce peanuts.

Senator JONES. Have the operations of the War Finance Corporation resulted in raising the price of peanuts?

Mr. PINNER. It has not, sir, on account of the fact that we have produced so many peanuts this year. A great portion of the South has been driven to the culture of peanuts by reason of the invasion of the boll weevil, and they found that peanuts were a substitute which was very helpful.

But, in addition to that, we had a larger acreage planted to peanuts this last season—20 per cent increase, perhaps, in the acreage, and the yield was very much larger than was anticipated; and in order to avoid the glutting of the market, the Peanut Growers' Exchange, which is composed of 5,100 farmers of the country, have applied to the War Finance Corporation to relieve them, if possible, and to keep these peanuts from being thrown upon the market. But despite that fact the prices are low and below the cost of production at this time, which has produced this distressing condition which we have referred to.

Senator JONES. I just wonder how that can result in any permanent benefit to the peanut producers.

Mr. PINNER. It will result in this benefit—that we will be able, possibly, to so increase the demand or regulate the demand for peanuts that the farmers eventually, months from now, in the early part of the summer, will be able to have a price for their peanuts. But if thrown on the market now it will be disastrous to them.

Senator SIMMONS. You think that lowering the price is due to the importation of foreign peanuts?

Mr. PINNER. Yes, sir. I think you will find an answer to that in the effect that the emergency tariff bill has had. You take the Pacific coast, for instance, from which we have heretofore been practically excluded by the importation of peanuts, for the last six months of the year 1921, from June until December 1, we have been able to sell on the Pacific coast about 2,634,000 pounds of peanuts, while for the six months preceding that we were only able to sell about 645,000 pounds. They practically excluded us from the Pacific coast.

Senator SIMMONS. Can you give the committee the American production of peanuts?

Mr. PINNER. That is variable, sir. It has increased——

Senator SIMMONS (interposing). This year.

Mr. PINNER. About 4,000,000 bags, according to our estimates

Senator SIMMONS. How many bushels to a bag?

Mr. PINNER. Well, 30 pounds to a bushel.

Senator SIMMONS. You said 4,000,000 bags?

Mr. PINNER. That is, 4 bushels to a bag; 22 pounds of Virginia anuts make a bushel and 30 pounds of Spanish peanuts make a shel.

When I spoke about that, perhaps, I have localized it too much, nator. I had in mind our own production of Virginia peanuts in rginia and North Carolina. I have not the data for the producn of the Spanish peanuts in the States of Alabama and Georgia. vas only referring to the States of North Carolina and Virginia; t you can add to that, of course, all of the production of the uthern States—Georgia, Alabama, Oklahoma—where they raise a all quantity—and of Texas.

Senator SIMMONS. Virginia produces how many bags?

Mr. PINNER. Virginia and North Carolina produce 4,000,000 bags peanuts; that is our estimate; it is a very difficult proposition to t at.

Senator SIMMONS. That is about 16,000,000 bushels.

Mr. PINNER. Yes, sir. It is a very difficult proposition to get at e actual production of peanuts; but we only have to estimate that om the best information we can get, because every farmer pracally has his own warehouse. This year we have been able to get it very close, because the organization known as the Peanut Grows' Exchange, who send their peanuts under local management to e warehouses in various cities, have gathered the information. hey have, perhaps, already sent to them about 600,000 bags, and ey say they control a million bags.

Senator SIMMONS. It would be safe to say if these two States proice 16,000,000 bushels there is something around 30,000,000 or ,000,000 bushels produced in the United States?

Mr. PINNER. I suspect so.

Senator SIMMONS. Do you think that the emergency tariff is not ifficient?

Mr. PINNER. We do not, sir. We undertake to get the rate, for hich we ask in this tariff bill, from the best information we could ave as to the cost of production in this country as compared with ie cost of production abroad.

Senator JONES. As to the consumption, according to the colloquy which I have just listened, we produce in this country about 35,-)0,000 bushels of peanuts a year. That is about one-third of a bushel more than one-third of a bushel for every inhabitant in the United tates. Do we consume that many peanuts?

Mr. PINNER. I hope so. I hope that they will do so, if they do not lready. We have a very large crop this year, perhaps the largest e ever had.

Senator JONES. Have we ever exported any peanuts?

Mr. PINNER. A very small quantity. Our exports of peanuts do ot amount to anything. I have it set forth in the brief. The export f peanuts is limited. We only exported in 1920 about 14,000,000 ounds, and we have not done any exporting at all in the last two ears. It is impossible for us to do that on account of other condiions in reference to the exporting of any goods.

The American producer of peanuts feels that he is entitled to an should have protection.

I wish to say, incidentally, gentlemen, that the peanut, as yo know, had a very humble origin. It has been a symbol of the thing which are small in this life. It has grown into prominence as a ver valuable food, a food which practically contains all the elements o sustenance.

Senator SIMMONS. The importation of peanuts seem to be very very small now.

Mr. PINNER. The emergency tariff bill has practically saved us so far as that is concerned. In addition to the large crops we hav produced, if we have the importation of Asiatic crops, it is impossibl to tell where we will be. There is still a very large quantity left i the ports of Seattle and San Francisco, and possibly Vancouver, o the foreign peanuts brought in before, but at very high prices, an they are waiting before they do anything with them.

Senator SIMMONS. You recognize the fact that for a little whil there has been a constant diminution in the amount of peanuts im ported into this country. That was going before the emergency tariff?

Mr. PINNER. Imported into this country?

Senator SIMMONS. Yes. Before the emergency tariff it was show upon the floor of the Senate that since the armistice, in the late years, the importations of peanuts had fallen off very greatly.

Mr. PINNER. You are speaking about the importations?

Senator SIMMONS. Importations. I am referring now to the si months before the emergency tariff law was adopted—six month immediately preceding the adoption of the first emergency tariff act the importations of peanuts had greatly fallen off.

Mr. PINNER. Would you care for the figures of the Departmen of Agriculture? They are in the brief. You will find the revers of that—and that there has been an increase of importations fro year to year, until in 1820 we had this enormous amount.

Senator SIMMONS. What I mean to say is that it was clearl shown when the emergency tariff act was passed that during the si months immediately preceding the passage of that act, from mont to month, the amount of peanut importations had fallen off, and im mediately before that act was passed the importation of peanu was very small.

Mr. PINNER. But you must take into consideration that the Unite States placed an embargo.

Senator SIMMONS. That was after the war; there was no embargo at that time.

STATEMENT OF EDWARD EVE, CHARLESTON, S. C.

Mr. EVE. Mr. Chairman and gentlemen, it is a big subject y have given me, and I do not propose to try to cover it. I just was to add a word or two of testimony as to the condition of our south farmers and their needs, not only in Virginia, as Mr. Pinner pointed out, but throughout the South and the Southeast part larly. The growers of peanuts and the growers of cotton, the sel of the cotton seed—I want to make an appeal for some relief these men in their present conditions. I was raised a farmer, a

n still a farmer at heart, and I am in close sympathy with the
:oblems of the farmer, and I realize now that they are in desperate
:ed on account mainly of the boll weevil having knocked out the
op and made cotton unprofitable in the Southern and Southeastern
:ates, and foreseeing the boll weevil encroaching on the South
arolina territory, I have been boosting the growing of peanuts there
a substitute crop, feeling that that was the best crop available
id the most practical thing.

Senator SMOOT. Are you speaking for peanuts?

Mr. EVE. I am coming to oil.

Senator SMOOT. What are you asking for?

Mr. EVE. I think that a duty of 4½ cents would be ample pro-
ction. The peanut planters have had a hard time since the war
'ices have declined, and they really need protection against the im-
rtation of Chinese peanuts—Chinese peanuts, which came in in
ch volume that it put the price down to where it is not profitable
grow them, as you all know, at that present price, that neither
e oil mills nor the shellers can pay for them; and I think that
e duty as suggested would solve this problem. I think that the
ity that we have this year is the only thing that saved the peanut
ower from being absolutely wiped out. I think that the peanuts
ould be coming in here now and reducing the price even lower than
is, though it is below the cost of production. I want to make refer-
ce to an argument that is going to follow—the announcement of
e Interstate Cottonseed Crushers' Association favoring the repeal
taxes on oils. I think that the importation of peanut oils and
ier vegetable oils is in competition with the production of peanuts
d cotton seed in this country, and I do not think that the arguments
at these refiners and the importers put forward are valid. When
ey are given, I ask that you scrutinize them very carefully. I
lieve that the fact that they propose to import oriental oils here
d refine them and put the finished products in Europe will act
st the opposite from the way they predict—instead of putting the
ice of oil up in this country and in Europe that it will be an addi-
nal seller in the European market.

Senator JONES. Do you represent the producer of the oil—the
lls?

Mr. EVE. Yes; the shellers of peanuts and the producers; and I
nember of the Interstate Cottonseed Crushers' Association and Pea-
t Association.

Senator JONES. Do you export any of your product?

Mr. EVE. No; we simply crush and shell and sell locally. Gentle-
n, that is the point I want to make, that when we import these
s and pass them on to Europe and put two sellers there, I believe
will depress the European market more than it has now, and
at will have a bad effect on our own market, because Europe can
w buy from the Orient and they can not buy from us. But, if
can get the oriental oil here and sell it to Europe through this
intry, where it will put two sellers on the European market, it
uld have a depressing effect there; and that is the reason, I think,
at their argument does not hold water.

Senator JONES. Your argument means this, then, does it not: That
u are only going to produce enough to supply the American mar-
t, and you want control of the American market?

Mr. EVE. That is the idea.

Senator JONES. I know of no way that you come in competitio with these oils which find a market in Europe.

Mr. EVE. I think with the reduced cotton crop that we are not going to produce more in this country than we need here. We can practically consume it all here. We do not need oriental oils and we need protection.

Senator JONES. What I mean is that you will not have a surplus of any oils for export, and therefore the gentleman who told us the other day that the tariff was interfering with the foreign market for these American-produced oils did not have a valid argument.

Mr. EVE. I do not see how our tariff can interfere with the foreign market. They assume that the foreign retaliatory duties are going to be taken off if we would take off duties on oil.

Senator JONES. You do not want the duty taken off of oil, as I understand it?

Mr. EVE. No.

Senator JONES. Then, how do you expect them to take off their duties?

Mr. EVE. I am saying that the argument of the importers and exporters is that we take the duty off of oil coming into this country so that other countries will take off the duties they have put on our oils. But we get our oil from the Orient and we ship to Europe, a different market altogether. I do not believe Europe will reduce their duties because we reduce ours, or take their duties off.

WALNUTS.

(Paragraph 758.)

STATEMENT OF C. THORPE, REPRESENTING THE WALNUT PROTECTIVE LEAGUE.

Mr. THORPE. I represent, gentlemen, the Walnut Protective League, which is an organization comprising the growers and shippers of over 90 per cent of all the walnuts produced in America, and which handles simply the industrial problems, such as freight rates and tariff problems and all matters pertaining to the industry generally except the marketing problems.

The walnut industry is perhaps larger than most of us in the East realize. There is at the present time over $110,000,000 invested in the walnut industry in the United States. The annual value at wholesale prices of the crop at point of origin is over $12,000,000 annually. There are over 90,000 acres devoted exclusively to walnut culture on the Pacific coast alone, and of these 65,000 acres are now in bearing.

The American producer is supplying to-day over 70 per cent of the total consumption of walnuts used in America.

I am talking now of and will confine my remarks to unshelled walnuts. We are asking a duty of 4 cents a pound on unshelled walnuts and 12 cents a pound on shelled walnuts.

Senator WATSON. You speak of the English walnut altogether?

Mr. THORPE. Yes, sir. I am going to confine my remarks to unshelled walnuts for the reason that I appreciate the courtesy

:aring us out of turn and I could not cover both items effectively. he unshelled walnuts represent over 90 per cent of our output in is country, and while it will take fully the 12 cents asked for to velop the shelled-walnut industry to any perceptible extent, owing the limited time I will cover it more fully in the brief that I will e; so that I shall speak now just of the unshelled walnuts.

Senator WATSON. If you will let me interrupt you: Can you give a computation of the difference in production cost and——

Mr. THORPE. I have that, Senator, and I am just about to cover it. The imports are generally from China, France, and Italy. China, to recently, has been a small factor but is coming ahead so fast at in the last reports that we have of imports for 1919 there origi- ted in China, imported to this country, over 9,000,000 pounds of lnuts, which are about one-third of all of the importations. The stricts in northern China where walnuts are produced are not as ickly settled as in the main part of China. There is less room for pansion there, but there are unlimited areas suitable for producing lnuts in the portion of China from which the importations are made, d with the coolie labor they can raise them at a small fraction of r cost. ' The labor cost is what we base our contention for a higher riff upon. We have not considered the value of land and have not ured in interest on the investment. We have not figured the cost fertilizer and irrigation or horse power—simply the actual out of cket labor cost of producing a pound of walnuts, amounting to 9.73 nts a pound. That is the out of pocket cost to the grower, what he ys for his labor to produce that pound of walnuts.

In France that cost is 2½ cents a pound. In Italy it is less than 1 nt a pound, and in China slightly over one-half cent a pound.

The average difference in the labor cost of producing a pound of lnuts in America as between the cost of the foreign growers is over ents a pound. We are asking only for 4 cents a pound duty, which resents only one-half the difference in labor cost. In other words, or could be twice as cheap in America as it is to-day and still we ld justify the 4 cents duty for which we are asking.

Senator WATSON. Then you are not satisfied with 2½ cents a pound?

Mr. THORPE. No, sir; 4 and 12 cents. That, I want to state, ntlemen, is the minimum under which we believe the American lnut industry can continue on a prosperous basis.

Senator SMOOT. Under the Payne-Aldrich Act of 1909 shelled lnuts took 9 cents a pound.

Mr. THORPE. There was no shelled walnut industry in the United ates at that time. There was not a pound produced in 1909.

Senator SMOOT. You had 3 cents a pound on the unshelled?

Mr. THORPE. Yes, sir. This duty that we are asking to-day of 4 nts on unshelled is only equal to the Payne-Aldrich duty when the ight is taken into consideration, which has advanced 1 cent a und.

Senator WATSON. What was your production last year?

Mr. THORPE. Fifty-six million pounds.

Senator WATSON. Are they produced anywhere else in the United ates than California?

Mr. THORPE. They are produced in scattering lots elsewhere, but ncipally on the west coast.

Senator WATSON. What were the imports?

Mr. THORPE. For 1920 the imports were over 38,700,000 pounds. Of unshelled walnuts the imports were 22,000,000 pounds as against a total production in America of 56,000,000 pounds.

Senator WATSON. Thirty-eight million imported?

Mr. THORPE. Shelled and unshelled. The unshelled alone were 22,000,000 as against our production of 56,000,000. The foreigner has the advantage over us in freight rates alone to the principal consuming centers in America of over 3 to 1. In other words, our freight to those centers is three times as great.

Senator SMOOT. You are counting as a center the Atlantic coast?

Mr. THORPE. Chicago and the West. He has an advantage of over two to one at Chicago.

Senator WATSON. Have you exhausted the possibilities of production? Could you produce more?

Mr. THORPE. There are 200,000 acres of land in California alone that is not now planting anything but annual crops that are ideally situated for the production of walnuts. It is a lifelong game. A tree has to be 10 years old before it reaches what would be considered a profitable production. It takes that long to bring it into profitable production, and it never reaches full bearing until it is from 15 to 20 years of age. So that a man has a heavy capital investment in the industry before he gets anything out of it. He can not rotate his crop as he can in other things. Our production is doubled, on the average, every four years. It is increasing more rapidly than any other agricultural product. The reason it is going ahead so fast is due to the encouragement we had under the Payne-Aldrich Act of 1909 up to 1917 or 1918. Then we had, even under the Underwood bill, a practical embargo as a result of the inability of the foreigners to import goods here owing to lack of shipping facilities. So that the industry thrived pretty well during that entire period, and there were a great many plantings. Within the next year or two we will be producing more than enough walnuts to supply the entire normal consumption in the United States and, in fact, our growers will soon reach the point where they are producing so much that it will reach the stage of market saturation, where we will so seriously compete with ourselves that we will have to take lower prices to keep consumption abreast with increasing production, regardless of foreign goods.

But this tariff that we are asking, which is the minimum duty that we believe the industry can continue to prosper upon, is not one which will embargo importations. They will import just as many walnuts under a 4-cent duty as they will under a 2½-cent duty; the only difference being that some of the poorer quality of the foreign walnuts that have been coming in will be held back and a better quality substituted for it, because the dealers can not afford to import off-grade stuff if they have to pay 4 cents duty and if they have got plenty of good stuff that they can bring over.

Senator WATSON. What is the average earning of an acre of English walnuts?

Mr. THORPE. $24 per acre. The cost of production, without figuring interest on the investment, is 14.97 cents a pound. The average price is 18 cents, or 3.03 cents a pound profit. The average bearing is 800 pounds an acre. When you figure out the interest on

e investment, it does not amount to anything, because walnuts ve to be produced on the highest-priced land where the climatic nditions are ideal and the soil is the best.

Senator WATSON. What wages do you pay in the industry?

Mr. THORPE. $4 a day. The Ways and Means Committee states ges in the far West as $4.61 about harvest time. Even if they re reduced to $2 a day we can justify a 4-cent duty. In my inion, wages never will come down to $2.

This tariff that we recommend will add to the revenues of the ited States Treasury one and three-quarter millions a year. We facing the most serious situation from China, as I have just plained. We are up against this Chinese cheap labor, and the ly way we can compete with it is by going on to the Chinese standint of living—dried fish and rice—and the American people do not nt to do that, and I do not think you want them to do it.

Senator WATSON. Let me ask you this: Under the Payne-Aldrich r there was a duty of 3 cents on walnuts not shelled and 5 cents on lnuts shelled, which was a slight differential. Under the existing v, the Underwood law, the duty is 2 cents, not shelled, and 4 cents, elled—2 to 1. Now you propose 4 cents, not shelled, and 12 cents, elled, or 3 to 1.

Why such a differential?

Mr. THORPE. As I explained a moment ago, there was no shelled lnut industry in America even six years ago, much less when any these other bills were considered. It is a new development. ere was not a pound of walnuts in California, even up to the last years. If you say 3 to 1, that is the differential that ought to placed on the product. However, the very important thing is at our business is unshelled walnuts. Over 90 per cent is now, d will be for some time, unshelled walnuts. We are in a little ferent situation from the almond industry.

Senator SHORTRIDGE. It is just the other way in the almond lustry.

Mr. THORPE. I do not know, but in the walnut business the shelled walnut is our principal product and always will be. It is e one that we are most interested in getting a tariff on and the one which we need a tariff the most. We can develop the shelled lnut industry if we get a 12 cent tariff. If we do not, it will be ghty slow coming up.

I may say that the walnuts we shelled last year netted the grower cents a pound and his cost of production was 15 cents, which was it a salvage; that is all you can say for it.

Senator LA FOLLETTE. Last year?

Mr. THORPE. Yes, sir. The importers will tell you that we have en getting outrageous prices for our walnuts. They mention only fanciest grades. Forty per cent of our crop never makes a fancy ide. We sold last season 40,000 bags that averaged us 14½ cents a und. We sold another 27,000 bags at 16½ cents a pound, and we ilized 49,000 bags in our by-product plant. They ran only 5¼ cents. the high prices that the importers talk about are not average ices.

The average orchard-run price that the grower got last year was ly a little less than 18 cents a pound.

In the walnuts that the importers send here from abroad there ar the good and the bad all together. They do not grade them out lik we do. There is the large and the small. They do not grade them for size like we do. As a rule they are inferior, naturally, to ou grading.

Senator DILLINGHAM. What is the by-product that you mention

Mr. THORPE. The walnut meats; and we make charcoal out of th walnut shells. We are perhaps the largest charcoal manufacture in the United States. We manufacture a very high grade of charco out of these walnut shells. They only return us $5 a ton.

Senator LA FOLLETTE. What is it used for?

Mr. THORPE. Chicken feed and medicine in the hog industry.

Senator LA FOLLETTE. What did you say you received for you best grade of walnuts last year?

Mr. THORPE. The price to the wholesaler was 22½ cents a poun for the best grade. The average price as they come from the growe is a little less than 18 cents a pound.

Senator LA FOLLETTE. Do you know how far east those walnut were shipped?

Mr. THORPE. To New York and all the eastern markets. W work pretty much on a per capita consumption basis. I think w have as thorough a distribution as any organization in the Unite States. Our cost of marketing is less than 3 per cent.

Senator LA FOLLETTE. Do you know what the transportatio charge was?

Mr. THORPE. $2.40 a hundred pounds for our shipments east Salt Lake City.

Senator LA FOLLETTE. For your best grade of walnuts you receive 22½ cents?

Mr. THORPE. Yes, sir.

Senator LA FOLLETTE. Was that a fine quality?

Mr. THORPE. Yes, sir.

Senator LA FOLLETTE. They retail for about 50 cents?

Mr. THORPE. Thirty-five cents.

Senator LA FOLLETTE. Fifty cents.

Senator SMOOT. I paid 50 and 60 cents.

Mr. THORPE. You can not gauge the price in Washington, D. It is one of the highest markets in the entire East. We have speci men who make reports on the different markets which they cov It averages over a hundred specialty men taking orders, and th average showed 35 cents a pound for pure No. 1 soft-shelled walnu

Senator LA FOLLETTE. Will you file with the committee a sta ment of the prices at the different points where your organiza gathered them?

Mr. THORPE. Yes, sir; I will be very glad to do that.

Senator LA FOLLETTE. I mean the retail prices.

Mr. THORPE. I might say in that connection that some retaile will charge 60 cents for the same thing that the others are hand at 30 cents.

Senator LA FOLLETTE. If you will work that out in detail we w be very glad to have it in the record.

Mr. THORPE. Through the perfection of our sales organization are placing walnuts in the hands of the consumer at only 35 per

iore than the producer receives, which is, I think, the closest margin nder which any nonperishable product is marketed.

Senator LA FOLLETTE. In the hands of the consumer, you say?

Mr. THORPE. Yes, sir; 35 per cent represents freight, wholeiler's profit and retailer's profit.

Senator LA FOLLETTE. In all parts of the country?

Mr. THORPE. Yes, sir. Take 35 cents a pound and 35 per cent off iat and you will have less than 22½ cents. They were handled last ear on just about 35 per cent margin. That includes freight, wholeiler's profit, and retailer's profit.

Senator LA FOLLETTE. How small an order would you fill?

Mr. THORPE. Any order from a hundred pounds up, to any legitiate wholesaler in the United States.

RIEF OF GEORGE R. SIEVER, REPRESENTING THE FOREIGN COMMERCE ASSOCIATION OF THE PACIFIC COAST.

Under paragraph 758 of the Fordney tariff bill walnuts, not shelled, are assessed a ity of 2½ cents per pound and walnuts, shelled, 5 cents per pound.

We respectfully urge that a duty not higher than that provided in the tariff act of 13, namely, not shelled 2 cents, shelled 4 cents, be fixed as the rate on this commod-. In support of this recommendation we direct your attention to the following ts, which will be taken up in detail herein:

1. As our domestic production is insufficient to meet the demands of our consuming irkets, the effect of any increase in duty will be to unnecessarily add to the price this commodity to the consumer.

2. The importation of foreign walnuts has in no way adversely affected the domestic dustry.

3. Domestic and imported walnuts are only indirectly competitive, as the great fference in quality between the two varieties confines the sale of each to a disictly separate class of trade.

4 An analysis of cost factors and selling prices of domestic and imported walnuts ows the domestic industry to have many advantages over importers which render rther tariff protection unnecessary.

5. An increase in the rate of duty on walnuts will injure our trade relations with portant purchasers of American products and adversely affect the many industries gaged in foreign trade.

First point: "As our domestic production is insufficient to meet the demands of r consuming markets, the effect of any increase in duty will be to unnecessarily d to the price of this commodity to the consumer."

Figures are given below showing the annual production of walnuts in the State of lifornia since 1909. This State produces over 95 per cent of the domestic walnut op. Figures on imports, compiled by the Bureau of Foreign and Domestic Comerce, are given in a parallel column.

In comparing the relative proportions of American and foreign walnuts consumed this country annually, the volume of shelled walnuts imported has been doubled place all figures on an in-the-shell basis. About 50 per cent of the weight of imported lnut meats is lost in the shelling process.

Year.	Foreign grown.	California grown.	Year.	Foreign grown.	California grown.
	Pounds.	*Pounds.*		*Pounds.*	*Pounds.*
9	26,000,000	18,700,000	1915	40,000,000	29,650,000
0	43,000,000	19,200,000	1916	48,000,000	29,200,000
1	43,000,000	25,000,000	1917	52,000,000	33,000,000
2	42,000,000	22,500,000	1918	29,000,000	40,230,000
3	36,000,000	22,700,000	1919	21,000,000	56,096,000
4	49,000,000	17,000,000			

These statistics show that while our domestic production has jumped from about per cent of our annual consumption to approximately 80 per cent in the past 10 ars, still we imported almost as many walnuts during 1919 as we did in 1909. In

the light of these figures it is apparent that we have not yet reached a stage [illegible] we can depend upon our own growers to produce the quantity of walnuts our [illegible] markets require, and therefore must import a substantial part of the walnuts [illegible]

It is evident that any duty whatever levied on these imports will fall on the [illegible]sumer as an addition to the price he would otherwise pay. On account of the [illegible]cial needs of the Government some duty is to be expected, but in the interests [illegible] consuming public it is respectfully recommended that such duty be fixed on as [illegible]erate a basis as possible.

Second point: The importation of foreign walnuts has in no way adversely [illegible] the domestic industry.

The statement is made by domestic producers that, while we must import a [illegible] proportion of the walnuts we consume, a higher tariff should nevertheless be [illegible] to prevent our markets from being swamped with foreign nuts and our home [illegible] from being ruined.

During the last 10 years, under varying conditions and different rates of duty, [illegible] American walnut industry has practically trebled its annual production and [illegible] than trebled the price per pound received by the growers for their crops. And [illegible] be noted that the industry has grown faster during the last five years under the [illegible] recommended in this brief for readoption than during the years when a higher [illegible] was in force.

Last fall, according to their own statements before the Ways and Means Comm[illegible] the walnut people quickly disposed of their entire crop at 100 per cent profit [illegible] producers, being one of the very few agricultural industries to maintain the [illegible] their product in the face of declining values.

The fact that the walnut industry has so far not been adversely affected by [illegible] competition, but has thrived even under conditions disastrous to other agricult[illegible] industries is a very strong indication that the industry—well organized and power[illegible] as it is at present—will meet foreign competition equally as successfully as in the pa[illegible]

This is especially to be expected when it is considered that the annual produ[illegible] of domestic walnuts is still remotely distant from the saturation point of the indu[illegible] field for sales. Not only have growers been unable to keep pace with the [illegible] domestic demand for high-grade walnuts but they have not begun to exploit [illegible] markets.

To ship by water to European points costs the California shipper no more than [illegible] ship by rail to the eastern United States, and the best class of trade in Europe[illegible] countries should prove equally as receptive to the superior American product as [illegible] country has been.

Third point: Domestic and imported walnuts are only indirectly competitive [illegible] the great difference in quality between the two varieties confines the sale of each [illegible] a distinctly separate class of trade.

One reason why the American walnut industry has succeeded in the face of [illegible] foreign competition is the scientific cultural methods it has adopted and the pains [illegible] has taken to produce a really superior walnut.

Working through a most progressive and enterprising agency, the California Wa[illegible] Growers' Association, the growers have left no stone unturned to make walnut [illegible] a profitable industry and have succeeded admirably.

By growers' own admission at hearings of the Ways and Means Committee [illegible] American-grown walnut is much superior in quality and flavor to any of the imp[illegible] walnuts." The California variety is a clean looking, thin shelled, full meated [illegible] flavored nut. By an advanced system of grading, the quality is rigidly standard[illegible] to an average of about 95 per cent sound meats. Stimulated by intensive advertis[illegible] campaigns, the demand for these nuts is very large and is steadily growing.

On the other hand, imported walnuts are not produced under such ideal condit[illegible] and are inferior in quality to the domestic variety. This inferiority, it is tr[illegible] principally in the exterior appearance and physical characteristics of the nut[illegible] instance, the stained, hard, thick shell, closely adhering to the meat, like th[illegible] of the pecan.

Some of the references to the quality of imported walnuts in the brief of the Wa[illegible] Protective League, presented to the Ways and Means Committee, are not full[illegible] accord with the facts, and as a whole the brief is rather too severe an indictment [illegible] competitive product to be entirely trustworthy. However, with this qualificat[illegible] mind, growers' own statements are excellent testimony to show the valuable [illegible]petitive advantage represented by the superior quality of the American-grown wal[illegible]

The Walnut League brief (House hearings, p. 2036) refers to imported waln[illegible] "the unsightly, poorly cleansed, shrivel-meated, wormy, foreign nuts, which run [illegible] 20 to 30 per cent bad meats." It is evident that nuts of this description would [illegible] nearly as popular with buyers as domestic nuts, clean, attractively packed, and hav[illegible] 95 per cent good, sound, full meats.

1 House hearings, page 2037, oriental walnuts in which we are particularly in-
sted are testified by producers to be "of the poorest quality of any of the imported
1. They carry a hard, thick shell, the largest portion of the weight being in the
l, or nuts containing badly shriveled kernels. They have an insipid flavor * * *."
he average American buyer demands quality and will pay a premium to get it.
distinct preference of our buyers for domestic walnuts on account of their superior
lity would constitute complete protection to the American grower, even if foreign
lucers actually had the competitive advantages they are alleged to have.
he marked difference in quality between domestic and imported walnuts, while
as radical as growers claim, is sufficient to make competition very indirect.
alnuts are not like peanuts, for instance, which, imported or domestic, have the
e uses and are practically interchangeable.
he class of trade demanding domestic walnuts would not be satisfied with the lower
e oriental product. The housewife is quick to detect the difference in quality
een the two varieties. She does not like the thick shell, difficult to crack, and if
an afford to pay the price she will buy "soft-shell" walnuts exclusively.
the other hand, the class of trade using foreign walnuts could not afford the home-
n product. The field for marketing foreign nuts is among the working classes
among confectioners, bakers, and manufacturers, to all of whom the element of
is highly important. Imported walnuts, particularly shelled, are just as suitable
anufacturing needs as those grown in California, and as their low cost permits a
h wider sale of the product they in part compose than if the more expensive
stic variety were used, they are much in demand for commercial uses.
imported walnuts were shut out or restricted by an excessive duty, their users
l not afford the high-priced home-grown walnut and would be forced to discon-
or greatly restrict their walnut consumption.
is difficult to see any noteworthy advantages to any one to be gained by such a
tion. The growers' market would not be appreciably enlarged, the Government's
income would be proportionably lessened, and the business of manufacturers of
ucts containing walnuts would suffer materially.
urth point: "An analysis of cost factors and selling prices of domestic and im-
d walnuts shows the domestic industry to have many advantages over importers
h render further tariff protection unnecessary."
e of the principal contentions of domestic producers is that on account of lower
uction costs foreign growers have an advantage in the competition for American
ets. In their brief presented to the Ways and Means Committee most elaborate
lations were made to establish this point.
the course of their statement growers said that last year the cost per pound of pro-
g walnuts in the United Stateds was 15 cents. The items totaling this figure
: Cultivating, 9.92 cents; harvesting, 2.56 cents; packing, 1.37 cents; marketing,
cents.
exact computations were presented to show the cost per pound of producing
n nuts, but a detailed report of low labor costs, etc., was made. The inference
rse was that foreign walnuts could be produced for about one-third the cost of
ction in this country.
ile production costs are undoubtedly higher in America than in foreign countries,
ting costs are much higher on nuts grown in the latter. Items that do not figure
cost of selling domestic walnuts constitute a heavy expense to the importer.
of these are: (1) Risk from exchange fluctuations; (2) many profits taken by the
middlemen that play a part in the marketing process; (3) fluctuating ocean freight
(4) marine insurance; (5) import duty. These cost factors are of course in addi-
o the items of cultivating, harvesting, packing, and selling that enter into the
f both domestic and imported nuts.
ile it is not possible to establish the cost of production of foreign walnuts by exact
s, as was done in the case of the domestic variety, it is seen that the handicaps
mpede the process of marketing foreign walnuts would tend to equalize the basis
petition between the American-grown and imported product, even if the selling
of both varieties were the same.
: while the cost per pound of foreign walnuts delivered in our principal cities
far from the cost of placing domestic nuts in the same centers, the foreign variety
ot be sold at or near the price enjoyed by the higher grade, home-grown product.
evident that domestic and foreign walnuts of such distinctly different character-
must be sold at prices commensurate with their respective qualities. In other
, with a greater percentage of waste to the pound, more difficult to crack, and
g other disadvantages that domestic walnuts do not have, the foreign variety must
prices proportionally lower.

Under these conditions foreign nuts that cost the importer almost as much to la[nd] here as domestic nuts cost the grower to produce, must be sold at prices from 30 to [...] per cent lower than those received for domestic nuts.

Last year, as has been noted, the domestic crop that cost 15 cents per pound to [...] harvest, pack, and market, was quickly disposed of at 30 cents per pound f. o. b. [Cali]fornia points by the producers themselves. By growers' figures (House hearings [...] 2040) oriental walnuts sold at an average of 14 cents per pound. Sixteen to 19 [...] per pound spot Seattle or San Francisco would be more nearly correct, but [...] figure shows significantly the fact in connection with these comparative ma[rket] prices that we particularly call to your attention, namely, that while domestic gr[owers] received a profit of 100 per cent on their product, importers against whom the[y de]mand protection, had to be satisfied with a profit of about 20 per cent. In the li[ght] of these facts, importers' alleged competitive advantages are conspicuous by [their] absence.

In their brief before the Ways and Means Committee, domestic growers ma[de] conflicting charges in connection with relative selling prices that deserve atte[ntion] here.

"Importers bring in walnuts at much less expense than domestic growers ca[n] [...] them here," they said. "Then, by padding their prices, importers 'ride' the do[mestic] market and exact huge profits." This argument was used to prove the point tha[t the] import business was conducted on such a broad margin of profit that a highe[r duty] would not diminish imports but rather increase revenues enormously.

In the same brief and in direct opposition to this, the charge was made that imp[orters] were viciously underselling growers and threatening to push their advantag[e to a] point where they would be able to absorb the market. To substantiate this c[harge] sales of walnuts were cited at prices as low as 3 cents a pound.

The actual situation, however, is midway between these conflicting posi[tions]. As has been said, imported walnuts sold at about 16 cents a pound, represent[ing a] very reasonable profit over actual cost. No evidence has been shown, or can be sh[own], that they "rode" the domestic market and sold at prices around 30 cents a p[ound]. Neither did first quality imported walnuts sell at prices as low as 3 cents per p[ound].

In support of the "underselling" argument, the growers' brief contained m[any] exhibits of sales slips and quotations of imported walnuts at around 5 and 8 ce[nts a] pound, the inference being that these covered first quality walnuts. As a matt[er of] fact, as growers were fully aware of, but carefully refrained from mentioning [...] quotations and sales reports covered "distressed lots," high in rancidity, pr[...] vermin infested, and certainly not of the first quality.

For example, in Exhibit F, of the growers' brief, a letter from Ariss, Campb[ell &] Gault of this city, who are incidentally local agents for the California Walnut Gr[owers] Association, reports a sale of a thousand bags to "a 5 and 10-cent store" at 5 [...] pound, which were retailed at 10 cents.

The certificate of grade upon which these nuts were sold was issued with the appr[oval] of this association after an inspection by the writer, of the lot covered, and, as [they] were with one possible exception, the poorest lot inspected during 1920, the wr[iter is] fully familiar with the details of their condition.

Their original owner becoming involved, they were sold at a sacrifice by the Ba[nk of] California to the Rhodes Bros. 10-cent store at the price reported. At the ti[me of] inspection, one nut in every five was in an advanced stage of decomposition an[d the] entire lot was on the verge of rancidity. A most disagreeable bitter oiline[ss was] predominant in the flavor, and a most unpleasant odor permeated the shipm[ent].

The use of selling prices of lots of this character to illustrate sales of import[...] below the market price of domestic nuts is most misleading.

As has been noted, the superior quality of domestic walnuts naturally [...] substantial premium, grade for grade, over the price of imported nuts. We [...] that this advantage of American growers, together with the numerous han[dicaps] suffered by importers, constitutes more than sufficient protection agains[t ...] competition and renders an additional duty wholly unnecessary.

Fifth point: "An increase in the rate of duty will injure our trade relatio[ns ...] important purchasers of American products and adversely affect the many in[...] engaged in foreign trade."

That success in foreign trade is vital to the expansion of America's industrie[s ...] accepted fact. The Departments of State and Commerce devote a major p[art of] their efforts to its promotion while Congress and other divisions of our Gov[ernment] have extended their utmost cooperation. Chambers of commerce, trade asso[ciations] and numerous other private agencies are likewise stimulating public inter[est ...] giving practical aid to American industries seeking to enter foreign fields.

Yet to succeed in foreign trade there must be a reciprocal exchange of comm[...]. It has long been understood that foreign buyers are unable to purchase A[...]

ds unless credits are established in their favor by the importation of their products; t transportation of American goods overseas can not be economically and efficiently iducted unless there is cargo both ways.

merican imports of walnuts to meet the unsupplied demands of our markets, vide this return movement and place American dollar credits at the disposal of opean and oriental sellers. These credits can be, and are, used to buy American chinery, textiles, lumber, steel, chemicals, grain, etc. It is evident that to injure trade relations with these countries by erecting a tariff barrier against their products ld be most unwise.

mportant as foreign trade is to our manufacturers, our merchant marine and our ort and export industry and its many allied interests depend upon it for their very stence. These industries comprise a huge domestic business, in which millions of ars are invested and on which thousands of our citizens are dependent.

t may seem far-fetched to point out in connection with the tariff consideration of one commodity the extent and importance of all foreign trade interests. Still walnut business is a part, and a not unimportant part, of this vast industry, and step tending toward the diminution of walnut imports will adversely affect to a ter or lesser extent all these interests and many lines of domestic business in ition. Imported walnuts, besides being handled by the importer, must be transed, inspected, and analyzed, stored, manufactured, and marketed through estic channels, bringing revenue to all domestic interests so engaged. These are rtant lines of domestic business and we respectfully urge that the same protection given them as is given to other domestic industries.

idorsed by the following: Port of Seattle Commission, W. T. Christensen, presit: Importers and Exporters Association, H. E. Kimball, president; Customhouse kers' Association, J. P. Hausman, president.

FLAXSEED AND FLAXSEED OIL.

[Paragraph 760.]

TEMENT OF HON. EDWIN F. LADD, UNITED STATES SENATOR FROM NORTH DAKOTA.

enator McCUMBER. Senator Ladd, as you have made a special ly of every agricultural question as president of an agricultural ege in the State of North Dakota, and as you are giving special sideration to the cereal question, the committee has felt that they ld rest the matter of the agricultural schedule a great deal upon r views without calling for additional evidence, and so I will you to be just as extensive as you desire on any part of this ect.

enator LADD. Mr. Chairman, first I would take up and refer to schedule as prepared by the special agricultural committee, of ch Senator Gooding has the data, and say that I thoroughly rse and agree to the schedules there presented as desirable. I want particularly this morning to speak with regard to flax the flax industry.

eferring to paragraph 50, page 9, where the present schedule calls nseed, flaxseed, and raw oil, boiled or oxidized, 2½ cents per pound paragraph 760, flaxseed 25 cents per bushel, in the schedule for

1910 there was a tariff on flax of 30 cents a bushel and on oil of ents per gallon. At that time we were growing in this country 7,000 acres of flax, but in 1912 or 1914 in the revised tariff there a reduction, so that in 1920 the tariff on flax was 20 cents, but il it was 10 cents per gallon. In 1920, therefore, our acreage ted to flax was 1,785,000; or, in other words, in 1910 we were lucing 19,513,000 bushels of flax, and by 1920 we reduced the luction to 7,661,000 bushels in this country.

In 1910 we were importing only 5,000,000 bushels, in round num bers; in 1920 we were importing 23,000,000 bushels.

Under the present schedule, which is the emergency schedule, th flax industry and the crushers industry are practically destroyed. a the rate on the oil is only 10 cents per gallon as compared with 2 cents a bushel on the flaxseed. This permits them to bring in th oil at a very much lower figure than our people can produce it i this country. And in the first four months of 1921 we import 150,000 gallons, but in the next five months, after the emergenc tariff went into effect, we imported 2,999,000, and practically all the leading factories where flaxseed is crushed and oil extracted hav been closed down, because they can not import the seed, the oil bein imported so much cheaper. For that reason—I am speaking for th farmers of the Northwest, who have asked me to present this matter I feel that there should be a tariff of not less than 40 cents in pla of 25 cents on the flax and 3½ cents per pound on the oil; 40 ce on the flaxseed is not anywhere near as great a tariff at the pres time as the 30 cents was in 1910, nor as much protection afforded.

Senator McCUMBER. I think it proper to inject right here th the committees, in formulating the emergency tariff bill, inadve ently, as I believe, omitted to put in the proper differential betwe the flaxseed and the linseed oil, through fear of other amendme being added, and of greater trouble in passing it through both bodi it was thought best to leave that as it was until we could correct by the general tariff law.

Senator CURTIS. Will you state again the present tariff on oil?

Senator LADD. On oil it is 10 cents per gallon at the present ti as against 32 in 1910.

Senator SMOOT. You want 40 cents on the seed?

Senator LADD. We want 40 cents on the seed and 3½ cents pound on the oil.

Senator CALDER. What is it on the seed and the oil?

Senator LADD. It is 20 cents per bushel on the seed and 10 ce per gallon on the oil, and by so doing you have largely increa the imports and reduced the home production of flax over one-h as compared with 1910, and you have practically by this tariff ma it necessary for the mills that extract the oils to close down.

Senator SMOOT. On the flaxseed oil, raw and boiled, you want h much?

Senator LADD. We want 3½ cents a pound.

Senator SIMMONS. That is on the oil?

Senator LADD. Yes; 3½ cents a pound on the oil. That correspon to approximately 26 cents per gallon.

Senator SIMMONS. How many pounds are there in a gallon?

Senator LADD. In round numbers, 7.6 pounds; it varies, of cou That makes 26 cents per gallon, as against 10 cents per gallon at t present time and as compared with 32 cents per gallon in 1910

Senator SIMMONS. What does that oil sell for in this coun Senator?

Senator LADD. At the present time it is very low, but I thi can give you the figures going back; in 1901 it was $1.05.

Senator SIMMONS. A gallon?

Senator LADD. A gallon; but during the war it ran up, in 1918 $3.40; in 1919, $4.08; in 1920 it was down to $1.76, and at the pre time it is below $1 per gallon.

Senator SIMMONS. It is lower at present than it was before the war?

Senator LADD. Yes, sir; although before the war it did run down low as 84 cents, but I think it is below 84 cents at the present time.

Senator SIMMONS. You gave 1901?

Senator LADD. In 1901 it was $1.05; then it did go down to 84 nts. But in 1908 it was $1.18 and gradually increased along up to .74 in 1916; but in 1917 it reached $2.48; the following year, $2.96, d the following year, $3.40, then $4.08, while it fell back last year $1.76, and is now below $1 per gallon.

Senator McLEAN. Your statement contains a condition of the in- stry at the present time, I presume?

Senator LADD. Yes, sir; and I want to file a more detailed state- nt, which I will leave with the stenographer.

There are two reasons, it seems to me, that want to be taken into nsideration: If we destroy this flax industry by allowing it to go t of the country and the oil to be imported rather than the flax to grown in this country, we are going to destroy other industries as ll. The paint industry will be destroyed and go likewise to foreign untries; the varnish industry will be destroyed largely, and foreign untries, where there is cheaper labor and where this material is oduced, will dominate; and then will follow the linoleum industry. If we encourage the production of flax, we will take out of the eat-growing section 2,000,000 or 3,000,000 acres of land that will into flax instead of going into wheat and other cereals of which have a large surplus.

Senator SIMMONS. Senator, I did not hear the first part of your atement. Probably you have gone over it; if you have you need t answer my question. What did you give the annual production flaxseed in this country at?

Senator McCUMBER. It fluctuated, but it has been going down.

Senator LADD. In 1901, which is the earliest data we have, we were oducing in round numbers 17,000,000 bushels of flaxseed; but in 20 it was reduced to 7,661,000 bushels of flaxseed produced in s country.

Senator SIMMONS. What was the cause of that remarkable slump 1919 and 1920?

Senator LADD. There were two causes: First, in 1910 and before it there was a duty of 30 cents a bushel on the flax and 32 cents a llon on the oil. Now, that was sufficient to protect our American lustry.

Senator SIMMONS. Thirty-two cents or per cent?

Senator LADD. Thirty-two cents per gallon on the oil and 30 cents bushel on the flaxseed; and we were increasing the amount of produced, but when they reduced the tariff to 20 cents per shel——

Senator SIMMONS. When was that done?

Senator LADD. Along about 1912 or 1914, I do not recall the exact te—I am told it was 1913. Then we began to decrease the amount flax production in this country.

Senator SIMMONS. When did the reduction begin? You said in 10 you were producing 17,000,000?

Senator LADD. Yes.

Senator SIMMONS. When did the slump begin?

Senator LADD. Well, in 1912 we had 19,000,000 bushels; in 1913, 000,000 bushels; in 1914 we had 17,000,000 bushels; in 1915 we

had 13,000,000. Then for the two following years, 14,000,000; th during the war we stimulated and increased somewhat the productio But it fell back again in 1920, and was even less for the present yea than it was in 1920. I have not the exact figures for 1921.

And the other reason——

Senator McCUMBER (interposing). We changed the tariff in 1913

Senator LADD. Yes; it went into effect in 1914.

Senator McCUMBER. And prior to the 1913 law the tariff ha been what?

Senator LADD. The tariff had been 30 cents per bushel and 32 cent per gallon.

Senator McCUMBER. And that year before this law went in effect we raised 28,073,000 bushels?

Senator LADD. Yes.

Senator McCUMBER. The very next year, in 1914, we reduced it t 17,853,000; the next year to 13,749,000; the next year to 14,030,00 and 14,296,000; and it has been going steadily down grade ever sinc

Senator LADD. Yes, sir.

Senator SIMMONS. In the Payne-Aldrich tariff they did not chang the rate?

Senator LADD. I think not.

Senator SIMMONS. Senator, will you please give the importatio beginning where we do begin?

Senator LADD. In 1901 we had a shortage of a crop in this countr and we imported 1,631,000 bushels of flax; the following year, 479,0 then 179,000 and 213,000; and so it ran until we got up to the ti the tariff started in, and then it begins to increase from 6,000,000—

Senator SIMMONS (interposing). When?

Senator LADD. In 1912–13 it began to increase.

Senator SIMMONS. What were the imports in 1910?

Senator LADD. Five million two thousand bushels. But that sa year we exported considerable of oil.

Senator SIMMONS. In 1911 what were the importations?

Senator LADD. Ten million four hundred and forty-nine thousan

Senator SIMMONS. Jumping in one year from 5,000,000 10,000,000?

Senator LADD. This is easily accounted for, as in that year our fl production was a failure and we had to import more flax to offs We had had for 19 years before 19,000,000 bushels year after ye But that year our production was only 12,000,000 bushels.

Senator SIMMONS. That was 1911?

Senator LADD. 1911.

Senator SIMMONS. In 1912 what was it?

Senator LADD. Nineteen million.

Senator SIMMONS. Imported?

Senator LADD. No; yield I am talking about.

Senator SIMMONS. In 1913 what was it?

Senator LADD. In 1913 we imported 5,000,000 bushels and the fo lowing year 8,000,000. Then we began our rapid increase to 10,000 and increased up to the present time to 23,000,000 bushels impor tions of the seed, and during the year we have imported largely

Senator SIMMONS. And now the production this year is what?

Senator LADD. I have not got the figures for this year. For year we produced 7,761,000 bushels of flaxseed in this country.

Senator SMOOT. This year we are importing oil, because of the duty the emergency tariff bill and the lack of compensating duty to oil?

Senator LADD. Yes, sir.

Senator WALSH. How much oil is extracted from a bushel of seed?

Senator LADD. I think it is about 2½ gallons per bushel.

Senator SIMMONS. You were giving bushels just now?

Senator LADD. I was giving bushels.

Senator SIMMONS. This statement here, which has just been handed me, gives the imports for 1918 at 12,785,000. Is that what you re there?

Senator LADD. I have it 13,665,529 for 1918. The other reason for decline was the fact that at that time there appeared what is own as flax wilt, which destroyed flax after it was about 6 inches h, and a great deal of it died. There was an investigation begun develop flax that would withstand that disease. Such a flax has n developed, is now generally used, and the flaxseed industry is reasing; and under a tariff protection we would soon be producing this country, in the Northeastern States and the Northwestern ites, sufficient to supply our needs.

n 1910 our needs for linseed oil were approximately 40,000,000 lons; in 1920 our needs were approximately 75,000,000 gallons of and while our flax production has decreased approximately 39 cent in acreage, our demands for linseed oil have almost doubled.

Senator SIMMONS. What is that oil chiefly used for?

Senator LADD. For the manufacture of paint and the manufacture varnishes, and largely in the linoleum industry and various other s. But those are the great industries. I would urge before the iff may be decided upon that if it be decided to have the tariff the oil slightly higher compensatory tariff on the oil than on the t, in order that the flax we do have to import may come into the intry rather than the oil.

Senator SIMMONS. Where do these importations come from?

Senator LADD. Largely at the present time from Argentina.

Senator SIMMONS. The House bill provides for 2½ cents a pound the oil and 7.6 pounds per gallon?

Senator LADD. Approximately; that is, 18¾ cents, and that corponds to a duty of 25 cents per bushel on the flaxseed. So that figures are correct in your new proportion for the ratio?

Senator SIMMONS. The House ratio is correct?

Senator LADD. The House ratio is correct; yes, sir.

Senator SIMMONS. But you think you require that difference; I an, the House rates maintain that ratio?

Senator LADD. It should be 2½ cents.

Senator SIMMONS. The 25 cents——

Senator LADD. If the 25 cents should be retained.

Senator SIMMONS. And you want 3½ cents and 40?

Senator LADD. Yes, sir. I might say I have had the flaxseed shers go over these figures and confirm them for me, in order to ke sure I had not made any mistake; and their figures are identical h mine in the matter of ratio.

Senator MCCUMBER. Before you leave that subject, Senator, I l just phoned down to the Agricultural Department to know

their estimate for 1921 on flax, and their estimate is 8,112,0-bushels production in this country.

Senator LADD. In paragraph 50, I think there should be a tar upon two additional oils: Chinawood oil and perilla oil are now larg coming into the country, and I would suggest 2½ cents a pound them.

Senator McCUMBER. I desire to say to you, Senator, that wi nesses, I think, representing the varnish industry, have insisted be fore the committee that this Chinawood oil is not in any sense competitor of the flaxseed oil.

Senator McLEAN. And can not be produced in this country.

Senator LADD. It is not produced in this country, but I can n agree that it is not in any sense a competitor. It does take the pla in varnishes, and perilla oil takes the place in paints.

Senator SMOOT. But neither one of them is produced in th country?

Senator LADD. Neither one is produced in this country. B other oils can be and are produced, and I am not certain—I have n been able to find that soya-bean oil has any duty on it, and soya-be oil and soya beans, though soya beans are perhaps under the te "beans"?

Senator SIMMONS. Oh, yes; soya beans have a duty.

Senator SMOOT. They have a duty of 2 cents a pound.

(Senator Ladd thereupon submitted the following statement:)

THE TARIFF AND THE FLAX INDUSTRY.

Prior to 1910 the United States was an exporter of flaxseed products and v little flaxseed or linseed oil was imported into the United States. During t period we had an import duty of 25 to 30 cents per bushel on flax and 20 to 3 ce per gallon on linseed oil. For eight years previous to 1910 this country aver 2,750,000 acres devoted to flax products. Then began the reduction in tariff r especially on the linseed oil, and for the seven years—1914 to 1920—our average a was 1,684,000 acres. Here we have a decrease in acreage of 1,066,000 acres, or per cent, while the normal demand for linseed oil increased from about 40,00 gallons to not less than 75,000,000 gallons, or an increase of 75 per cent, while the a age acreage decrease, as already indicated, was 38.8 per cent. The tariff during t period was: Flaxseed, 20 cents per bushel; linseed oil, 10 cents per gallon—an result disastrous to a great industry.

They now propose a tariff of 25 cents per bushel on fix and 2½ cents per pound linseed oil. To encourage American flax production we should have a rate of not than 40 cents per bushel on flaxseed and 3½ cents per pound on linseed oil. S we attempt to encourage the production of flax for oil in this country or sha depend upon an uncertain foreign supply from Argentina, Canada, and Russ so destroy the flax industry of America? I question whether the proposed tar encourage the farmer of the Northwest to materially increase the acreage so as to pr duce the necessary yield of flaxseed, while in my judgment a tariff of 40 cents p bushel will bring the desired result and this without materially affecting the co oil to the ultimate consumer.

SHOULD PRODUCE OUR FLAX.

This country can and should produce the flax necessary to supply the needs of United States and to enable our manufacturers to ship abroad paints and varni made from the products produced in this country. This can not be done by a niggardly policy of half-hearted protection, and 50 cents per bushel at this t would afford no greater degree of protection than would the 30 cents per bushel in

In this country the Northeastern States and especially the Northwestern State-
re particularly well located to become large producers of flax as a staple crop in its ystem of crop rotation. Because of climatic conditions the farmers of the Northwests rn States do not produce the variety of farm products as do many other sections of ie country.

This past spring linseed oil was being imported so as to sell at 10 to 20 cents per allon under the cost of production for the domestic oil, and each year our domestic roduction has been lessened because of lack of adequate protection.

TARIFF ON FLAXSEED.

Note the degree of protection afforded in 1890 as compared with 1920:

Year.	Tariff on flax, per bushel.	Tariff on oil, per gallon.
	Cents.	*Cents.*
90	30	32
20	20	10

It is easy to see where the trouble lies and the reason for the decline in flax produc- on, which can only be revived by a fair treatment to encourage the farmers to again roduce flax and so place our country independent of foreign countries and insure the ontinued operation of the flaxseed-crushing industry of this country; otherwise we estroy this great industry with its millions of invested capital and become an im- orter of linseed oil from other countries, and thus miss the benefits that would come lso from the linseed meal, which is one of the most valuable feeds for the dairy industry.

According to data believed to be substantially correct, on May 14, 1921, the wages aid in the United States as compared with foreign countries in the flax-crushing idustry was per hour as follows:

Country.	Pressmen and molders.	Unskilled labor.	Dock labor at entry ports.
	Cents.	*Cents.*	*Cents.*
ngland	31.280	29.795	41.458
lland	24.8	22.8	34.4
ermany	9	7	....
nited States	50	40	80

Other expenses are proportionally higher in this country, so I think we may safely ly that it costs the American manufacturer not less than 25 cents per bushel more ian it does abroad on the average which in terms of linseed oil would mean 10 cents er gallon expense to the linseed crushers of this country over that of the foreign ountries named.

Another feature that should not be overlooked is the fact that in making up rations nd especially for dairy purposes, linseed cake or oil meal is recognized as one of the ost valuable of feeds, and if flax is grown in this country the feed becomes available r use in the dairy industry and stock production, and this fact should not be over- oked.

FLAX IMPORTATIONS.

From such data as I have been able to gather I find that for the year 1920 there was nported 24,641,190 bushels of flaxseed and 4,693,360 gallons of linseed oil. The uty on these products was 20 cents per bushel on flaxseed and 10 cents per gallon n linseed oil, meaning a duty of $5,397,574.

In addition to the above, there was imported into this country duty free the follow- ig: Soya bean oil, 14,961,833 gallons; china wood oil, 9,061,620 gallons; perilla oil) months), 879,413 gallons. Had there been a duty of 20 cents per gallon on this il it would have amounted to $4,980,573.20 and would have materially protected he flaxseed industry of this country, against which these products are now competitors.

In addition to the above oils, there are as competitors in some respects of linseed oil importation into this country in 1920 as follows:

	Pounds.
Cottonseed oil	9,457,924
Coconut oil	215,238,51[illegible]
Olive oil (inedible)	496,11[illegible]
Olive oil (edible)	30,591,0[illegible]
Palm oil	41,948,2[illegible]
Palm kernel oil	1,693,7[illegible]
Peanut oil	95,124,[illegible]
Rapeseed oil	12,912,6[illegible]

WHY FLAX PRODUCTION DECLINED.

The policy of the Government in reducing the duty on flaxseed and to a greater extent on linseed oil has resulted in making it possible for foreign manufacturers to export oil to this country at lower prices than the farmers and linseed-oil manufacturers in the United States could produce it. Foreign competition in oil has, therefore, not only been highly disastrous from the standpoint of the producer of the oil, but from the standpoint of the grower of the seed too.

Under the recent tariff policy the production of flaxseed in the United States has been very materially reduced, and if the policy of the past few years is continued the United States farmer will be compelled to sell his seed in foreign markets in competition with that from Argentina, if any is produced, or more probably the farmer will be forced to discontinue the growing of the flaxseed and a great industry now rapidly on the decline will be forced from the country and we shall not only lose the advantage of flax as a crop but likewise the great value of the linseed cake as a feed for the dairy and stock industries.

On the other hand, by a fair and liberal policy toward the flax industry there may be built up a great agricultural industry in the Northwest and the further development of oil production and a marked development of the paint and varnish industry; otherwise these great industries may likewise be forced to other countries where cheap labor enables them to produce their products cheaper than they can be produced in this country and thus they will be able to undersell our own manufacturers.

It ought not to be necessary to argue that it is for the best interests of this country to maintain the linseed-oil industry, which I am informed now amounts to nearly $100,000,000 annually, as this product is essential to the life of so many other industries that affect the entire industrial life of this Nation, to say nothing of the great flax industry of the farmers.

Shall the flax industry of the farmer, the linseed-oil industry of the Nation be preserved or shall we place this country wholly dependent upon foreign manufacturers for its supply of linseed oil, if not for the finished products dependent upon the oil industry?

In my opinion, Congress should place a duty of 40 cents per bushel upon flaxseed and a proper compensatory duty of 3½ cents per pound on linseed oil so as to assure the protection and development of the same. At present the American farmer can not produce enough flaxseed to furnish the demands of the country for linseed oil, but with proper protection this can be done inside of five years. To the extent, therefore, that the American farmer is not able to produce sufficient flaxseed to supply the United States' consuming requirements for flaxseed products, we should so adjust the duty as to encourage the importation of flaxseed from Canada and Argentina rather than of the linseed oil and thus we will encourage home production and manufacture and adequately protect our crushers in keeping this industry alive.

I attach hereto a further statement giving much additional data with regard to flaxseed production in this country, the importation and exportation, both of the seed and the linseed oil, which I believe will be found of value in the consideration of this important question, beginning with the year 1900.

TABLE 1.—*Acreage devoted to flax, imports, and price.*

[Source: Acreage and price, U. S. Bureau Crop Estimates and U. S. Census. Imports, Commerce, and Navigation Reports.]

Year.	Acreage.	Imports.[1]		Average farm price per bushel of flaxseed Dec. 1.
		[redacted]	Linseed oil.	
		Bushels.	*Gallons.*	*Cents.*
00			2,904	....
01		1,	14,086	....
02	000		37,779	105.2
03	000		19,289	81.7
04	000		22,960	99.3
05	000		20,915	84.4
06	000		33,439	101.3
07	000		14,135	96.6
08	000		11,417	118.4
09	000		28,102	153.0
10	000	5,	467,664	231.7
11	000	10,	3,959,476	182.1
12	000	6,	809,307	114.7
13	000	5,	172,622	119.9
14	000	8,	192,282	126.0
15	000	10,	635,601	174.0
16	000	14,	56,699	248.6
17	000	12,	110,809	296.6
18	000	13,	50,827	340.1
19	000	8,	989,812	438.9
20	000	23,	4,550,391	176.6

[1] Year ending June 30. [2] No estimates made of acreage.

Table 1 shows the acreage in the United States devoted to the production of flaxseed; also the amount of seed imported; also the gallons of linseed oil and the average farm price per bushel for flaxseed for December 1 for each year.

Table 2 shows the production in bushels for each year beginning with 1901, the first available complete record; also the amount of flax imported and the amount of exports together with the amount retained for consumption in the United States

TABLE 2.—*Production, imports, and exports of flaxseed, and amount retained for consumption in United States.*

[Statistical Abstract of the United States, 1920, p. 562.]

Year ending June 30—	Production.[1]	Imports.[2]	Exports.		Retained for consumption.
			Domestic seed.	Foreign seed.	
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*	*Bushels.*
1901	17,592,000	1,631,726	2,755,683	21,112	16,446,931
1902	25,319,000	477,157	3,874,033	64,748	21,857,376
1903	29,284,880	129,089	4,128,130	20,211	25,265,628
1904	27,300,510	213,270	758,379	....	26,755,401
1905	23,400,534	296,184	1,338	3	23,695,377
1906	28,477,753	52,240	5,988,519	....	22,541,474
1907	25,576,146	90,356	6,636,310	2,044	19,028,148
1908	25,851,000	57,419	4,277,313	11,391	21,619,715
1909	25,805,000	593,668	882,899	....	25,515,769
1910	19,513,000	5,002,496	65,193	....	24,450,303
1911	12,718,000	10,499,227	976	....	23,216,251
1912	19,370,000	6,841,806	4,323	21,919	26,185,564
1913	28,073,000	5,294,298	16,894	168	33,350,234
1914	17,853,000	8,653,235	305,546	....	26,200,689
1915	13,749,000	10,666,215	4,145	63,208	24,347,862
1916	14,030,000	14,679,233	2,614	17	28,706,602
1917	14,296,000	12,393,988	1,017	....	26,688,971
1918	9,164,000	13,366,529	21,481	851	22,[redacted],197
1919	12,369,000	8,428,886	15,574	44	21,780,268
1920	7,661,000	23,391,934	24,044	24,936	31,003,954

[1] Production is of the crop year preceding the fiscal year. [2] Year ending June 30.

Table 3 gives the total imports and exports of linseed oil expressed in gallons [illegible] the period beginning with 1889 and closing with 1920.

TABLE 3.—*Imports and exports of linseed oil.*

[Source: Commerce and Navigation Reports.]

Year.	Imports.[1]	Exports.[1]	Year.	Imports.[1]	Exports.[1]
	Gallons.	*Gallons.*		*Gallons.*	*Gallons.*
1889	10,436	72,451	1905	20,915	[illegible]
1890	11,562	89,288	1906	33,439	[illegible]
1891	11,629	76,789	1907	14,185	[illegible]
1892	5,943	112,386	1908	11,417	[illegible]
1893	7,406	103,936	1909	28,102	[illegible]
1894	767	92,861	1910	467,664	[illegible]
1895	827	62,718	1911	3,959,476	[illegible]
1896	12,103	67,159	1912	809,307	[illegible]
1897	3,852	112,262	1913	172,522	[illegible]
1898	3,490	90,074	1914	192,262	[illegible]
1899	3,298	107,000	1915	535,601	[illegible]
1900	2,904	103,494	1916	56,899	[illegible]
1901	14,036	99,919	1917	110,809	[illegible]
1902	37,779	102,116	1918	50,827	[illegible]
1903	19,289	182,330	1919	989,812	[illegible]
1904	22,950	336,419	1920	4,550,391	[illegible]

[1] Year ending June 30.

It is interesting to know that the price per bushel for flaxseed was as low as [illegible] cents in 1903 and rose to $4.389 in 1919, but in 1920 it was back again to approximat[illegible] the price for 1915.

Several factors have worked to decrease the flax production in the United Stat[illegible] The most important, however, in my judgment, is the tariff provisions and especia[illegible] that affecting the linseed oil.

Another important factor was the fact that flax could not generally be grown [illegible] the same land for more than one or two crops without a complete failure. For a [illegible] time the cause for this was unknown but in recent years it has been discovered th[illegible] it was due to a disease that is brought into the soil with the growing of flax and kn[illegible] as "flax-wilt" which tends to destroy the crop in its early stages of growth. Dur[illegible] recent years there have been developed strains of flaxseed which are immune to [illegible] disease and can, therefore, be grown continuously on the same land without be[illegible] attacked by the so-called "flax-wilt."

The acreage of flax has declined steadily during recent years with a slight increa[illegible] in acreage during the period of 1916 and 1918, when there was stimulation becaus[illegible] need for war activity and increased prices. There has been an almost continu[illegible] increase of seed imported beginning with 1907 to 1916. In 1920 the importation w[illegible] the greatest in the history of the country.

On the other hand there has been an increased demand for consumption of [illegible] seed in this country and especially for linseed oil which has in recent years increa[illegible] from approximately 40,000,000 gallons per year to about 75,000,000 gallons.

Our exports have declined in flax products while the imports have largely increas[illegible] As a matter of comparison I am presenting in Table 4 a statement to show the a[illegible] age value of production per acre in the United States on December 1 for the ye[illegible] from 1910 to 1920 for both flaxseed and wheat.

TABLE 4.—*Value of production per acre in United States, December 1.*

Year.	Flaxseed.	Wheat.	Year.	Flaxseed.	Wheat.
1910	$12.048	$12.273	1916	$22.914	[illegible]
1911	12.747	10.925	1917	13.643	[illegible]
1912	11.240	12.084	1918	23.867	[illegible]
1913	9.352	12.144	1919	22.261	[illegible]
1914	10.584	16.367	1920	10.949	[illegible]
1915	17.574	15.623			

Inasmuch as North Dakota has been in years past the largest producer of flax in ıe United States, I present herewith Table 5 showing the acreage for the years eginning with 1902, the first complete available data, the yield per acre, the total roduction for the State, average price per bushel, and the total value of flaxseed r the year.

TABLE 5.

Year.	Acreage.	Yield per acre.	Production.	Price per acre.	Value.
			Bushels.		
02	2,160,000	7.2	[illegible]00	$1.06	$16,018,560
03	1,814,400	7.3	[illegible]	.81	10,728,547
04	1,233,792	10.6	[illegible]	.99	12,947,413
05	1,357,171	11.6	[illegible]	.84	13,224,275
06	1,465,745	9.9	[illegible]	1.02	14,801,094
07	1,700,000	8.0	[illegible]00	.96	13,058,000
08	1,530,000	[illegible]	[illegible]00	1.19	16,386,000
09	1,068,000	9.6	[illegible]00	1.57	16,096,000
10	1,117,000	3.6	[illegible]00	2.35	9,449,000
11	1,200,000	7.6	[illegible]00	1.84	16,781,000
12	1,246,000	9.7	[illegible]00	1.14	13,778,000
13	1,000,000	7.2	[illegible]00	1.21	8,712,000
14	840,000	8.3	[illegible]00	1.28	8,924,000
15	660,000	9.9	[illegible]00	1.78	11,631,000
16	790,000	10.3	[illegible]00	2.52	20,505,000
17	965,000	3.9	[illegible]00	3.00	11,292,000
18	800,000	7.8	[illegible]00	3.45	21,528,000
19	700,000	4.6	[illegible]00	4.41	14,200,000
20	735,000	5.3	[illegible]00	1.78	6,935,000

In this table it will be noted that in 1902 the acreage devoted to flax in North Dakota as 2,160,000, while in 1920 it had fallen to 735,000 acres and was less in some preceding ears.

BRIEF OF THE BUREAU OF RAW MATERIALS FOR AMERICAN VEGETABLE OILS AND FATS INDUSTRIES, REPRESENTING THE PAINT AND VARNISH MANUFACTURERS.

We desire to enter our protest against the inequality existing in this bill between ıe rate of duty imposed on flaxseed and the duty imposed on linseed oil. And we rotest against any rates of duties on flaxseed that will result in a duty of more than 2 cents per gallon on linseed oil. A duty on flaxseed resulting in any higher rate ıan 12 cents per gallon on linseed oil will impose too great a tax on linseed oil, will estrict the consumption of paints and varnishes and impose upon the consumer igher prices for paints and varnishes than could be justified by a reasonable appliation of the theory of protection.

We desire to submit herein out views concerning the rate of duty imposed on flaxeed in H. R. 7456, paragraph 760, and our views concerning an amendment that ould be made in section 316 of this same bill, which section 316 as it now stands rectly affects and reduces the rate of duty that would apparently be collected on axseed under the rate as provided in paragraph 760, and we further desire to set rth our views as to the proper method of establishing a compensatory rate of duty linseed oil which is the principal product of flaxseed and which is dutiable at 2½ nts per pound under paragraph 50 of this act.

DUTY ON FLAXSEED, ACT OF 1913.

The rate of duty on flaxseed under the act of 1913 was 20 cents per bushel, this eing the actual rate collected as the drawback provision in the act of 1913, paraaph O, section 4, contained the following provision:

"*Provided*, That where a principal product and a by-product result from the anipulation of imported material and only the by-product is exported, the proporon of the drawback distributed to such by-product shall not exceed the duty assesble under this act on a similar by-product of foreign origin if imported into the nited States, where no duty is assessable upon the importation of a corresponding y-product, no drawback shall be payable on such by-product produced from the aported material."

DUTY ON FLAXSEED, H. R. 7456.

The rate of duty on flaxseed in this bill, paragraph 760, is stated at 25 cents per bushel, but the actual rate collected will be only 18¼ cents per bushel, as section 316, special provisions of this act, contains the following provision:

"*Provided*, That where two or more products result from the manipulation of imported material, the drawback shall be distributed to the several products in accordance with their relative values at the time of separation."

DRAWBACK PROVISION IN H. R. 7456 REDUCES THE RATE OF DUTY ON FLAXSEED.

The principal product of flaxseed in the United States is linseed oil and the by-product is linseed cake.

As will be hereinafter plainly shown the problem of establishing a protective tariff for the American flax grower is solely one of protecting the oil content of American-grown flaxseed against the competing oil content of foreign-grown flaxseed, and hence to establish such protection in a clear and definite manner no system of assessing duties on flaxseed or other oleaginous seeds or materials should be adopted whereby the importer of foreign flaxseed or oil-bearing seeds or materials is allowed and paid any drawback upon the exportation of any of the by-products, as such by-products are oil cake in one form or other on which no duty is assessable, and consequently the rate of duty imposed on such materials is actually reduced below the stated rate by the refunding of a portion of the duty paid when the by-product exported is a commodity which comes in free of duty if any were to be imported.

OIL CAKE.

The United States produces a surplus of oil cake, and oil cake was duty free under the act of 1913, and is duty free in this bill, H. R. 7456.

The United States exports large quantities of its cottonseed oil cake, and considerable of the linseed cake resulting from the crushing of domestic flaxseed is also exported, and therefore it is evident that foreign flaxseed is imported solely for its oil content.

LINSEED OIL.

The problem of affording protection to the American flaxseed grower is therefore one of protecting the linseed-oil content of each bushel of flaxseed against the linseed-oil content of a bushel of foreign-grown flaxseed, which oil content has been separated from the foreign flaxseed by a foreign oil crusher who may export the oil content separately to the United States.

AMBIGUITY AND CONFUSION RESULTING FROM DRAWBACK.

That the element to be protected is the linseed-oil content is plain to be seen. The conversion of the protection to be granted on this element, linseed oil, into a rate of so much per bushel is merely incidental and for the convenience of expressing the rate upon the material (flaxseed) in which the oil is contained.

PROPER PROCEDURE FOR ESTABLISHING RATE OF PROTECTION.

The proper procedure for establishing the rate of protection on flaxseed is to consider the commodity in terms of linseed oil as this problem of protection is confined entirely to the oil content as there is no tariff problem concerning the by-product or linseed cake.

A bushel of flaxseed, of 56 pounds, as provided in paragraph 760 of H. R. 7456, yields in actual crushing practice 19 pounds of oil and 37 pounds of cake, hence the problem is one of protecting this 19 pounds of oil against 19 pounds of oil unseparated in a bushel of imported flaxseed or against 19 pounds of linseed oil that has been separated by a foreign crusher.

As linseed oil in commerce is dealt in in units of gallons of 7½ pounds each, it will be seen that 2½ gallons of oil are contained in a bushel of flaxseed; that is, the quantity a bushel of flaxseed will yield in crushing as established by practice in the crushing industry.

RATE OF PROTECTION FOR AMERICAN FLAXSEED GROWER.

If it is desired to protect the American flax grower to the extent of 8 cents per gallon of oil content the rate to be established on bushels of flaxseed would be 2½ times 8 cents or 20 cents per bushel.

If it is desired to protect the American flax grower with a rate of 10 cents per gallon of oil content, the rate to be established on bushels of flaxseed would be two and one-half times 10 cents, or 25 cents per bushel.

To make the rates effective when so established by this method of calculation, which is the only logical method when it is agreed that the element on which protection is to be calculated is linseed oil and nothing else, the cake having been placed duty free, it is only logical and sound that the rates so established should not be rendered ineffective by the application of any drawback system providing for the payment of a drawback on linseed cake, which is equal to the refunding of a duty levied upon the linseed oil content of imported flaxseed when only the cake is exported and which cake is not the object of any tariff consideration.

We therefore urge that the rate of duty to be imposed on flaxseed be calculated in the above-described manner and in order to make the rate of duty so decided upon fully effective we recommend that if Title III, special provisions of H. R. 7456, is going to be retained in the bill that section 316 thereof be amended by adding to this section as the last paragraph the following:

"*Provided further*, That the provisions of this section shall not apply to the products of oil-bearing seeds and materials enumerated in paragraph 760 of this act, and where a principal product and a by-product result from the manipulation of imported material enumerated in paragraph 760 of this act, and only the by-product is exported, the proportion of the drawback distributed to such by-products shall not exceed the duty assessable under this act on a similar by-product of foreign origin if imported into the United States. Where no duty is assessable upon the importation of a corresponding by-product, no drawback shall be payable on such by-product produced from the imported material; if, however, the principal product is exported, then on the exportation thereof there shall be refunded as drawback the whole of the duty paid on the imported material used in the production of both the principal product and the by-product, less 1 per cent as hereinbefore mentioned."

This provision of amendment will make the rates of duty determined upon under paragraph 760 definite in application and clear of comprehension. This amendment will also provide the American flaxseed crusher with a drawback on any linseed oil he may export, equal to the amount of the duty he paid on the same quantity of linseed oil as contained in the flaxseed which he first imported and from which he separated the oil, less the 1 per cent retained by the Treasury Department.

As the bill now stands the American flaxseed grower would be left with the impression that the rate specified in paragraph 760 was the rate at which he was actually protected, whereas this is not the fact. As the bill now stands any importer bringing in flaxseed for crushing purposes only pays 18½ cents per bushel, as he is credited with a drawback calculated on that part of the flaxseed in connection with which there is no tariff consideration, as that part of the flaxseed, linseed cake, is on the free list and practically all foreign flaxseed is so imported for crushing purposes and the linseed cake is so all exported.

COMPENSATORY PROTECTION FOR AMERICAN LINSEED CRUSHER.

The compensatory rate for the American linseed crusher must necessarily be a rate applied to linseed oil under paragraph 50 of H. R. 7456, exactly the same as the per gallon oil content rate established for the protection of the American flax grower. Under paragraph 50 the rate on linseed oil should be changed and expressed in gallons. The Committee on Ways and Means were advised to impose rates on vegetable oils in units of pounds, and properly so, in the case of coconut oil, soya bean, cottonseed oil, and a few other vegetable oils, but linseed oil is one exception to which the above recommendations should not have been applied as the American consumers of this oil have dealt in it from time immemorial on the basis of gallons just as the consumers of those other oils have been used to dealing in units of pounds. Therefore if the rate of protection decided upon for the American flaxseed grower is 8 cents per gallon on the oil content of flaxseed or 20 cents per bushel, the compensatory rate of protection for the American linseed crusher would be 8 cents per gallon on linseed oil. If 10 cents per gallon or 25 cents per bushel for the American flax grower, the compensatory duty on linseed oil should be 10 cents per gallon.

PROTECTION FOR THE AMERICAN LINSEED CRUSHER TO EQUALIZE COST OF CRUSHING IN THE UNITED STATES AND FOREIGN COUNTRIES.

We submit herewith an analysis of two briefs submitted on the above subject by the American linseed crushers, one of which was submitted to your honorable committee and one of which was submitted to the Committee on Ways and Means:

[1. Brief to Committee on Ways and Means by Spencer Kellogg & Sons, Buffalo, N. Y.]

Cost of crushing at home and abroad.—Stated not serious other things being con... but is solely a matter of ocean transportation. Did not claim labor cost disadva...

Transportation costs.—Author of above brief stated would present ocean f... disadvantages later. As he subscribed to other brief we place under this ite... same figure appearing in other brief, 3.28 cents.

Suggested protection for crushing industry.—Suggested return to Payne-Al... measure under which had favorable differential of difference between 7.4 cents ... on flaxseed and 15.0 cents on linseed oil or 7.6 cents crushing protection or over ... amount required to cover only disadvantage claimed.

[2. Brief of W. O. Goodrich, Milwaukee, Wis., representing entire industry.]

Cost of crushing at home and abroad.—Total cost of crushing in United State... bushel, $0.50; foreign cost of crushing, $0.25; excess cost in United States, $0... 10 cents per gallon.

Transportation costs.—Transportation disadvantages, 3.28 cents; total, 13.28 ...

Suggested protection for crushing industry.—Author in testimony acknow... represented by first brief in which only disadvantage claimed was 3.28 cents ... portation costs but at later date here claims 10 cents labor cost disadvantage wh... other associated witnesses originally stated did not exist.

To establish the disadvantages under which the American linseed crusher opera... as compared with the conditions under which the foreign crusher operates is ... problem.

Referring to the above analysis of evidence presented, brief No. 1 was subm... by Spencer Kellogg & Sons, of Buffalo, N. Y., to the Ways and Means Comm... and appears in the records of the hearings of this committee on tariff revision in ... 6, page 4397. We quote the third paragraph therefrom.

"In 1913 the Underwood-Simmons measure was adopted, the rates of which ... made up in conference between the House and the Senate and the lowest sugg... rate for linseed oil was adopted, while the highest rate for linseed was adopted. T... action, as shown in the table above, left only a difference of 3 cents a bushel ... protection to United States manufacturers against not only foreign labor, wh... would not be such a serious matter, other things being taken into consideration, ... which is serious because the whole matter is one of ocean freight rates, and we ... under certain disadvantages in that respect, which we will attempt so show late...

At the top of page 4398 this witness or petitioner suggests that just and fair ... for linseed and linseed oil are 20 cents per gallon on oil and 25 cents on Flaxseed ... a drawback provision to reduce the actual duty on flaxseed to 18½ cents per bu... That this suggestion was not offered seriously is apparent from the last paragrap... this brief, in which a lower rate is approved of on linseed oil.

So far as this problem is concerned the vital points contained in this brief were ... following:

1. It shows plainly the operation of the Payne-Aldrich bill whereby the ... duty paid on flaxseed was 18½ cents, although the rate specified in the Payne-Ald... bill is 25 cents per bushel.

2. It establishes the witness' belief that no appreciable difference exists ... costs of crushing flaxseed in the United States as compared with the costs in ... countries.

3. It states the whole difference in costs or the American crushers' disadvanta... due entirely to disadvantages existing with regard to ocean freight rates which ... be shown later on.

4. The Payne-Aldrich Act—which with its duty of 25 cents on flaxseed, less dra... back, or 18½ cents per bushel actual, or 7.4 cents per gallon, and its rate of 15 cen... linseed oil, or a differential in favor of the American crusher of 7.6 cents per ga... afforded "reasonable" protection and would be satisfactory.

Now, coming to the second brief and our analysis of it, we wish to call atten... the verbal testimony of Mr. William O. Goodrich, of Milwaukee, Wis., represe... the William O. Goodrich Co., who appeared before your honorable committee ... 17, 1921:

"Mr. GOODRICH. I am chairman of the Linseed Crushers and Flaxseed Comm... which is a committee representing the entire linseed-oil producing industry in ... country."

And further on appears the following:

"The CHAIRMAN. You had a hearing before the House committee?

"Mr. GOODRICH. Yes, sir.

"The CHAIRMAN. Was it printed?

"Mr. GOODRICH. Yes, sir."

he only brief filed with the Ways and Means Committee is the brief of Spencer logg & Sons and there is no record of any other testimony on the subject. We refore presume that the brief of Spencer Kellogg & Sons (Inc.) is the brief or hear-acknowledged by Mr. Goodrich as having been presented in his interests to the mittee on Ways and Means. Therefore it appears to be quite well established t the brief presented by Spencer Kellogg & Sons (Inc.) before the Committee on ys and Means represented the entire industry, just as the brief presented by Mr. drich to your honorable committee on August 17, 1921, also represented the re linseed crushing industry.

e wish to establish clearly that both briefs apparently had the approval of the re industry at the time they were filed.

e call attention to the corresponding analysis of the second brief. The vital its developed in this brief appear to be the following:

The disadvantages under which the American industry operates is equal to ents per bushel, or 10 cents per gallon, whereas before the Ways and Means Com-tee the representative of this industry in that brief states that "The question of ign labor would not be a serious matter, other things being taken into considera-. but which is serious because the whole matter is one of ocean freight rates, and are under certain disadvantages in that respect."

n this brief the less serious matter of comparative labor costs is three times the ount of the most serious freight disadvantage previously dwelt upon. From no ous disadvantage on account of labor costs before the Committee on Ways Means the question of labor costs to be provided for by your honorable com-tee develops to be 25 cents per bushel, or 10 cents per gallon, which is two times total factory cost of crushing flaxseed, in our opinion. The cost here stated 0 cents per bushel is 20 per cent of the value of the products and by our esti-te is about four times the factory cost of the operation.

. The ocean freight disadvantages of which an explanation was promised in the vious brief are found explained here in this brief, the disadvantage in this respect ng claimed to be 3.28 cents per gallon.

The total disadvantage claimed as compared with foreign linseed crushers is 28 cents per gallon. In this brief it is stated that unless this industry is to be troyed the amount of this disadvantage must "absolutely" be provided.

. The protection for American crushers under this bill is equal to the difference ween 7.4 cents per gallon duty on flaxseed and 18¾ cents per gallon duty on oil, difference of 11.35 cents per gallon, or nearly 2 cents less than the industry claims its written brief that it must "absolutely" be provided with, and yet in the ver-testimony before the brief was left with your committee Mr. Goodrich, represent-the entire crushing industry, said, "We are entirely satisfied with the provision de for protecting our industry in the tariff bill now before you."

Iow can these witnesses be so well satisfied with a rate of protection granting them y 11.35 cents per gallon protection against foreign linseed oil when they say they st have not less than 13.28 cents in their printed brief.

by following the arguments of this industry back; the answer is perfectly clear. ile 13.28 cents per gallon is absolutely needed in the brief presented to your com-tee we find the industry through the oral expressions of its spokesman delighted h only 11.35 cents per gallon, and going back still further to the brief presented to Committee on Ways and Means we find that protection for the crushing operation nly 7.6 cents per gallon would have been very satisfactory to the industry, and we not believe the evidence submitted to your honorable committee is worthy of sideration, but believe the actual conditions are truthfully set forth by Spencer llogg & Sons, who represented the industry before the Ways and Means Committee. this brief it is stated.

1. Labor costs as compared with the labor costs of foreign crushers do not present a ous problem, other things being considered (we presume the other things con-red are the many natural advantages possessed by the crushers for supplying our ne market with oil).

2. The whole question of disadvantage is admitted to be one of equalizing trans-tation costs and the disadvantage is now stated to be 3.28 cents per gallon."

LABOR COSTS.

That the difference in labor costs could not be claimed to be serious as first admitted the crushers is readily confirmed. Any disadvantages of this kind could only in-ve factory labor as the foreign oil crusher if attempting to enter the American rkets and render a relative kind of service in distributing his products would be

would be unable to render the same kind of distribution service except at a m[illegible] greater cost than the American crusher, if able to do it at all.

The labor in linseed crushing as in the case of crushing other seeds is well know[illegible] be a small element. In our cottonseed oil industry the labor cost of crushing co[illegible] seed which yields only 15 per cent of oil is 5 per cent of the value of the product[illegible] duced. Linseed oil mills are more modern and better equipped than th[illegible] cottonseed oil mills and are provided with mechanical devices and conveyor[illegible] reduce the labor to a minimum. The United States Tariff Commission, in its su[illegible] of the linseed industry, on page 131 states: Establishments in operation, 25; wage ear[illegible] employed, 1,488; total wages paid, $1,127,000.

The labor employed was less than 60 workers in each establishment on the avera[illegible]

The production of linseed oil in the United States during the same year, 191[illegible] Flaxseed consumed, 23,000,000 bushels; linseed oil produced, 507,422,000 p[illegible] or 67,650,000 gallons.

The labor cost during that year, so far as the 1,488 wage earners on the pay [illegible] of the entire linseed-crushing industry were concerned, was therefore $1,12[illegible] the production of 67,650,000 gallons of linseed oil, or 1.7 cents per gallon, or [illegible] cents per bushel of flaxseed.

The average value of flaxseed that year (1914) was $1.52½ per bushel, and [illegible] $1,127,000 expended for wages was for the production of linseed cake as well a[illegible] oil, a proper percentage of labor cost is arrived at by comparing the wages paid [illegible] bushel and the average value per bushel of flaxseed; 4.25 divided by 152.50 e[illegible] 2.8 per cent.

The census of 1905 shows that the wage cost in the production of linseed oil wa[illegible] per cent of the total value of the products produced.

It appears probable that the wages paid to labor in this industry does not cons[illegible] the entire labor expense, as the labor cost of handling the imported flaxseed fro[illegible] coming steamers at the ports of entry and into the mill might largely be perfor[illegible] by stevedore companies or other agencies and the disbursements therefor migh[illegible] appear in the item of wages paid to wage earners.

On the other hand, undoubtedly part of the wages paid to wage earners is for [illegible] done after the crushing operation and is properly chargeable to shipping and [illegible] bution, which costs would have to be borne by any foreign linseed-oil mill attem[illegible] to sell linseed oil in the United States and would have to be borne by them [illegible] foreign cost of distribution.

However, if a liberal allowance were made to the American crusher for labor [illegible] not reported in his pay roll, and if for this purpose an amount equal to one-thir[illegible] the amount shown as wages were added to the costs carried as wages, then the [illegible] cost of crushing would only be 4 per cent of the cost of the flaxseed.

It is, of course, to be understood that other costs, such as administrativ[illegible] selling, are a part of the cost of the products when delivered to the consum[illegible] these costs have no place in the consideration of tariff making, as a foreign [illegible] crusher would have to pay even greater additional selling and distribution cos[illegible] the domestic crusher in order to secure the same results in the matter of [illegible] sales and effecting the distribution of foreign linseed oil. The foreign crushe[illegible] tempting sales distribution in the United States, would be likewise obliged [illegible] for the elements of this on the basis of American standards.

On this date, August 26, the market price of linseed oil at New York in [illegible] tank cars was 70 cents per gallon; the price of linseed cake f. a. s. New Yor[illegible] $42 per ton of 2,000 pounds. At these values the 19 pounds of oil in a bushel [illegible] seed and the 37 pounds of linseed cake were selling as follows: Linseed oil, 19 p[illegible] or 2½ gallons, at 70 cents, $1.75; linseed cake, 37 pounds, at 2.01 cents per [illegible] $0.743; total, $2.493.

Total value of these products from a bushel of flaxseed was in round figure[illegible] If the cost of crushing was 50 cents per bushel as suggested by Mr. Goodr[illegible] appeared before your committee the percentage would have been 20 per cent [illegible] amount would be absurd.

The statistics concerning this industry fully bear out the statement of [illegible] Kellogg & Sons in their brief to the effect that the difference in labor cost [illegible] and abroad are not serious, and in fact we do not believe the American indus[illegible] any disadvantage whatever.

TRANSPORTATION COSTS.

The disadvantage claimed of 3.28 cents per gallon on account of certain [illegible] tation costs is in our opinion too high for the reason that in arriving at this fig[illegible] representatives of this industry calculated the difference in the cost of tran[illegible] their linseed cake made from foreign flaxseed to Europe where it is all sold a[illegible]

ıst of transporting linseed oil produced in European oil mills to the United States exported to this country and arrived at a difference of 3.28 cents per gallon in favor the linseed oil shipped from the foreign mills. However, the costs of recoopering e barrels in which foreign oil would have to be shipped, leakage of oil on the voyage, :cess of marine insurance on oil above cake, and a number of other expenses not ıumerated which would occur in connection with the landing of foreign linseed oil barrels would cut this differential or disadvantage down by 1 cent per gallon in ır opinion and in all probability the disadvantage would not exceed 2 cents per ılon if accurately figured in detail. However, these slight errors can be ignored d, in accordance with the brief of Spencer Kellogg & Sons (Inc.), if this disadvantage 3.28 cents per gallon is accepted as representing the disadvantages of the American ısher through transportation costs, it is the only disadvantage that exists, and on e other hand the American crushers enjoy many advantages as explained in our ief relating to paragraph 50 of this bill.

COMPETITION FROM FOREIGN LINSEED OIL HAS BEEN NEGLIGIBLE.

We present herewith a table showing the production, imports, and exports of linseed for the calendar years 1914 to 1920 and the first half of 1921.

LINSEED OIL.

Year.	Production.	Consumption.	Imports.	Exports.	Price per gallon.
	Gallons.	*Gallons.*	*Gallons.*	*Gallons.*	
4.	507,422,000	498,210,000	4,350,000	1,995,000	$0.50
5.	418,260,000	409,130,000	663,000	10,045,000	.56
6.	531,587,000	510,295,000	711,000	6,180,000	.75
7.	482,199,000	464,468,000	633,000	11,485,000	1.11
8.	375,452,000	361,805,000	196,000	5,806,000	1.59
9.	452,928,000	441,269,000	16,143,000	11,320,000	1.74
0.	485,272,000	488,992,000	35,200,000	5,368,000	1.23
1 (6 months)	104,111,000	99,966,000	4,987,000	1,999,000	.61
0 (6 months)	117,226,000	135,033,000	25,213,000	3,156,000	1.68

FLAXSEED (LINSEED).

	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*	
1.	13,749,000	23,000,000	9,247,000	23,000	$1.52
5.	14,030,000	28,000,000	14,697,000	68,000	1.79
5.	14,296,000	27,000,000	13,098,000	2,000	2.22
.	9,164,000	18,000,000	9,394,000	5,000	3.09
3.	13,369,000	25,000,000	12,974,000	26,000	3.93
).	7,661,000	22,000,000	14,036,000	17,000	4.53
).	10,990,000	24,000,000	24,641,000	41,000	....
(6 months)	....	....	4,945,000	241	....
(6 months)	....	....	13,802,000	39,090	....

By taking our imports of linseed oil during any or all of these years and deducting exports, it will be found that our net imports are very small and less than 5 per t of our consumption.

During recent years American linseed crushers have absorbed considerable of the ıced oil which has been imported, therefore these imports from abroad, amounting otal to less than 5 per cent of our consumption, do not represent competition in strict sense of the word. As mentioned in our brief on linseed oil, paragraph 50, erican consumers of linseed oil, such as our paint and varnish manufacturers, will abandon the domestic crushed oil and go afield for their supplies unless the for-ı supplies can be obtained at fully 10 per cent less than the price at which the ıestic crusher is selling for, and even then the foreign oil so imported rarely is ɔped away from the Atlantic seaboard. Probably 50 per cent of the foreign lin-d oil imported has been purchased by our domestic crushers and has been taken › their storage tanks and plants at the Atlantic seaboard and reshipped to Ameri-paint and varnish manufacturers at probably the same prices as were being quoted these crushers for domestic oil, and thereby a large part of these shipments have n a source of profit to the American linseed crusher instead of being "competi-s," all of which conclusively demonstrates the American crushers' many advan-es through his distributing facilities, which, we believe, entirely apart from tariff tection, acts as a protection equal to 10 per cent ad valorem. The linseed crushers'

natural advantages in the distribution of linseed oil is such that he could sell a ... lot of foreign linseed oil at 10 per cent above its import duty-paid cost where the ... lot of oil if offered for sale on import terms at the import duty-paid price wo... be accepted by the same consuming purchaser as being a satisfactory purchase

OUR RECOMMENDATIONS.

We therefore recommend that as a margin of protection for the American ... crusher over and above the actual per gallon of oil content rate of duty impo... flaxseed that no further additional rate of protection be imposed on linseed ... excess of 4 cents per gallon.

If the amendment to section 316 (drawback) is adopted, as suggested herein... we would recommend the tariff on flaxseed and linseed oil be adjusted as follows

Flaxseed, 20 cents per bushel; linseed oil requires 8 cents per gallon compens... and 4 cents per gallon crushers' protection, total 12 cents per gallon.

On this basis the actual protection given the American flaxseed grower w... increased from the net rate of 18½ cents per bushel which would result from ... 7456 in its present form to 20 cents and the rate of 2½ cents per pound on linse... in paragraph 50, or 18¾ cents per gallon, would be reduced to 12 cents per gallon.

We would therefore sum up our recommendations as follows:

That section 316 be so amended that the rates of duty imposed on flaxseed and ... oil-bearing seeds and materials contained in paragraph 760 would be made pos... and definite in application and that the provision now in the bill for the pay... drawbacks on oil cake resulting from the crushing of dutiable oil-bearing se... materials be eliminated.

That the rate of duty on flaxseed in paragraph 50 be reduced from 25 to 20 cen... bushel.

That the rate of duty on linseed oil in paragraph 50 be reduced from 2½ cent... pound to 12 cents per gallon.

The 32 paint and varnish manufacturers of the United States, members of ... bureau, protest against the rates now written in H. R. 7456 on flaxseed and lin... oil as being illogically constructed and indefinite of application and as imposing a ... of duty on linseed oil 6¾ cents per gallon higher than is necessary to provid... and reasonable protection for the American linseed crusher.

GRASS SEEDS.

[Paragraph 761.]

STATEMENT OF WILLIAM G. SCARLETT, BALTIMORE, MD., REPRESENTING WHOLESALE GRASS SEED DEALERS' ASSOCIATION.

Mr. SCARLETT. I am president of the Wholesale Grass Seed Deale... Association, and a member of the firm of William G. Scarlett & C... of Baltimore.

Senator DILLINGHAM. What paragraph do you speak on?

Mr. SCARLETT. Seven hundred and sixty-one, sir. Gentlemen ... have a brief here which I will file with you. I can either read ... brief or speak from it, just as you prefer.

Senator SMOOT. File your brief, and if there are any points y... want to bring out bring them out just as succinctly as possible ... your own good.

Mr. SCARLETT. As advised, I am speaking as president of ... Wholesale Grass Seed Dealers' Association on paragraph 761. Th... tariff bill provides for certain duties on various seeds. They spe... of them as "grass seeds." I would like to call your attention to ... fact that many people in referring to grass seeds think of lawn gra... We are not interested in that; we are interested in the great fora... seeds, such as clover, alfalfa, alsike, crimson clover, timothy, ... vetch, all of which have been placed on the dutiable list. Th... seeds are indispensable to our farmers, and while the volume is ... great the production or the result is enormous.

These seeds are used for feeding cattle and for enriching the soil, nd not for ornamentation.

Senator SMOOT. You mean alfalfa is used for feeding cattle?

Mr. SCARLETT. Alfalfa hay, not the seed.

Senator SMOOT. We are talking about seeds now.

Mr. SCARLETT. Yes, sir; I was referring to the production of the eds. I may mention that the seeds themselves——

Senator SMOOT (interposing). Do you want these seeds on the free st?

Mr. SCARLETT. Yes, sir.

Senator SMOOT. The farmer raises alfalfa seeds and raises most of ese other seeds, and he does not want it there.

Mr. SCARLETT. I think he does, sir. The farmer in America does ot raise sufficient alfalfa to supply the demand of America, and eds are an incidental crop. If the hay product is selling in the arket at a higher price, which it frequently does, it does not pay the rmer to allow his stand to go to seed.

Senator SMOOT. You may know more than I do about alfalfa seed, it I have grown a great deal more of alfalfa than you have, and I ow something about it myself. Will you tell us why we should ve free seed?

Mr. SCARLETT. We should have free seed, sir, because this country es not raise a sufficient quantity of forage seeds to supply the mands of this country.

Senator SMOOT. That happens with a great many things in this ll, does it not?

Mr. SCARLETT. I only know about paragraph 761, sir; I do not ow about the other parts of the bill. And it is a fact that when eds advance in price the demand decreases and does not increase, d it is also a fact that high seeds mean that poor quality is used stead of high quality.

The total annual production of grass seeds is 400,000,000 pounds, lued at between 40 and 50 million dollars, but the annual hay crop me (1911 to 1920 average) had a farm value of over a billion and a lf dollars, and that does not take into consideration the crops rned under for green manuring and soil improving.

During the war the Government felt——

Senator McCUMBER (interposing). Is that correct that alfalfa y amounts to more than a billion dollars?

Mr. SCARLETT. Not alfalfa hay, but all hay. I am very glad you ked that question, because so many do not associate these indis- nsable forage seeds as grass seeds.

During the war our Agricultural Department was rather alarmed account of the supply apparently not being great enough for the mand, and they sent representatives abroad to assure us that re would be a sufficient supply for the demand here.

Grass seeds have always been on the free list. They have never n on the dutiable list—I guess I should not say "grass seeds"; hould say forage seeds. I do not like "grass seeds" because it is leading—ever since there has been such a thing as a tariff.

I have references here in the brief; if you would like I can read them file them with you, whichever you prefer.

Senator DILLINGHAM. We have all that material.

Senator McCUMBER. Make it a part of your remarks by filing your brief.

Mr. SCARLETT. All right. I do not want to take up your time with that, sir.

Taking the imports from 1910 to 1920 and using the duties that are proposed to be levied according to this Fordney bill, the total revenue to the Government would be less than three-quarters of a million dollars; which is very small compared with the enormous value of these seeds, and with the duty the importations in all probability would be decreased so they would not even get that amount.

If these duties are placed on seeds the cost per sowing-acre will be considerable. I have them here with other paragraphs, but I will just give a few of them:

Cost per sowing-acre for alsike the duty would be 45 cents per acre.

On the cost per sowing acre of crimson clover the duty would be [illegible] cents.

On the cost per sowing acre for hairy vetch the duty would be $1.2[illegible]

On the cost per sowing acre for spring vetch the duty would be [illegible] cents per acre.

On the cost per sowing acre for rye grass, the duty would be $1 an acre.

On the cost per sowing acre for orchard grass the duty would be [illegible] cents per acre.

The American farmer must pay an average of 17.9 per cent more for these grass seeds, or at the rate of 59.1 cents more per sowing acre under this new tariff.

Senator McLEAN. That is, these rates would average an ad valorem duty of 17½ per cent?

Mr. SCARLETT. These are specific duties, and take so much per pound that would be the average increase; yes, sir.

Senator McLEAN. The ad valorem equivalent would be 17½ per cent?

Mr. SCARLETT. Seventeen and nine-tenths cents; that would be the average. The increase on above grasses 17.9 per cent, and the average increase for sowing acre is 59 cents.

I called attention to the fact that forage seeds in this country are incidental crops. The farmer frequently finds it to his advantage to cut his hay and market his hay or to turn it under for green manuring.

Senator McLEAN. What percentage of the consumption is imported?

Mr. SCARLETT. The American farmer demands 38 per cent more clover seed than is produced in the United States.

Senator SMOOT. That is clover seed?

Mr. SCARLETT. That is clover of all kinds. By the way, clover takes up the largest quantity of our importations by far.

Senator McLEAN. Is there any difference in the quality?

Mr. SCARLETT. Quite a difference, sir, which is very nicely protected by Federal seed law, which we have had in operation for [illegible] years. That seed law provides that seeds must be of a certain percentage of purity and a certain percentage of germination before they are admitted to this country. And at the present time there are [illegible] 100 tons of Chilean red clover lying on the docks at New York w[illegible]

ın not come into this country because it is infested with dodder. We ave splendid protection in that respect.

Senator McLEAN. It is very important, is it not?

Mr. SCARLETT. It is, sir.

Senator McLEAN. The American quality is as good, if not better, ıan the imported article?

Mr. SCARLETT. The American quality varies very much; as it ›mes from the farm it is frequently in very bad shape. There are ›me sections where the quality is very poor in America. We have ›me sections in the West—and maybe these gentlemen will recall— here alfalfa contains considerable dodder, so much so that that seed ın not be used in other sections of the United States because the ;ate laws will not permit it.

Senator WATSON. In other words, there is no demand for this ıriff in order to obtain a pure quality of seed in the United States.

Mr. SCARLETT. Absolutely none, sir.

Senator SMOOT. I did not understand the question.

Senator WATSON. I say, there is no demand for the tariff in order › protect the quality of the seed in the United States.

Senator SMOOT. The tariff will not protect the quality at all. We ıse just as good seed in the United States as anywhere in the world.

Senator WATSON. Precisely, but there is a law now that controls ıat proposition that a tariff is not necessary to improve it.

Senator SMOOT. Not at all.

Senator WATSON. What proportion of your alfalfa that is used in ıe United States do we produce in the United States?

Mr. SCARLETT. There are no statistics to show what the proportion . But it varies; for instance, you take Kansas—this year the crop as very poor, so much so that it looked like there was not going to be ıy alfalfa in Kansas at all. Naturally when there is a shortage of ·oduction in this country the imports increase.

Senator McLEAN. What is the difference in price?

Mr. SCARLETT. The difference in price? You mean between the ıported and the American seed?

Senator McLEAN. And the domestic product.

Mr. SCARLETT. That is a rather difficult question to answer; that , there is no regular difference in price. There are times when the ıported seed may be higher than the American seed. It depends on .e production on the other side.

Senator SMOOT. There are certain lands in the West that grow falfa seed, and the very best seed that there is in the world, that ɔuld not grow a crop of hay to speak of at all.

Senator McLEAN. It is an article that has been very high.

Senator SMOOT. It is not high at all.

Senator McLEAN. It is very high in the East.

Senator SMOOT. You are not using so much of it?

Senator McLEAN. It is very expensive.

Senator SMOOT. What do you call "expensive?"

Senator McLEAN. I do not recall just the price that has been paid, ıt I know it is the most expensive seed we buy.

Senator SMOOT. Alfalfa seed never sells, with the exception of a w years during the war, for more wholesale than 10 cents a pound , home.

Senator McLEAN. I pay four times that ·

Senator SMOOT. We can not tell anything about what the retailers will do to the American people.

Senator McLEAN. I was asking the question, because I like to show up in these hearings as we go along the unconscionable spread between the wholesale and retail prices.

Senator SMOOT. The alfalfa grower would be pleased if he could be guaranteed 10 cents a pound for his seed year in and year out.

Senator McLEAN. Timothy has been very high and all seeds have been very high.

Mr. SCARLETT. May I ask where you are from?

Senator SMOOT. I am from the State of Utah.

Mr. SCARLETT. You have a great deal of trouble in Utah with dodder in your alfalfa, and we would like very much to see it eradicated from your alfalfa, as well as from your red clover. We would like to work with you to get that dodder out. You grow nice alfalfa, but the seed is not fit to use.

Senator SMOOT. We have no trouble having other people use it.

Mr. SCARLETT. Your demand is restricted on account of the noxious weed in it.

Senator SMOOT. There is a weed in it.

Mr. SCARLETT. We would like to help you get it out; we are with you on that.

Senator SMOOT. The seed being on the free list will not help get it out.

Mr. SCARLETT. No; but it gives us that much more supply. If we were to depend on Utah for a supply, we could not use it, because the State laws will not permit us to use seed with dodder in it, and if there is a failure here we have no place to turn for seeds. We cannot turn to Utah, because it is unfit for use.

Senator SMOOT. There is a little section of that, but the great bulk of the Utah seed is as good as any seed in the world.

Mr. SCARLETT. I am glad to hear of it; we are very glad to know it.

Senator SMOOT. In fact, I think that is where it was started in this country. The first alfalfa sown was sown in Utah.

Senator McCUMBER. Is there any method of eliminating the noxious seed from the alfalfa seed?

Mr. SCARLETT. It can not be done, unfortunately, sir.

Senator McLEAN. How about the thistle in the clover seed? We have to be very careful.

Mr. SCARLETT. You understand, seed of that character will not be allowed to come into this country. Our import act protects us in that regard. If there is Canadian thistle in our clover seed, we can not bring it to this country. If there is dodder in our alfalfa seed, the Agricultural Department will not allow it to come in, and we can not touch that seed until the Agricultural Department has passed on it.

Senator McLEAN. Is there any Federal regulation that protects the farmer against these noxious seeds in domestic-grown products?

Mr. SCARLETT. There is no Federal regulation, unfortunately, but there are State regulations.

Senator SMOOT. All of the State laws protect it.

Mr. SCARLETT. Nearly all the States have laws now.

Senator McLEAN. We get Canada-thistle seed in clover seed almost always.

Mr. SCARLETT. Watch your tags. If there is thistle, it should be n your tags, and it should not be used. Nearly all States provide hat tags on your shipment should have a statement of the percent- ge of purity and germination; and I would suggest that you watch our tags.

In that connection, I understand that the chairman of the sub- ommittee of the Ways and Means Committee of the House was not ware of this import act, and on account of his not being familiar ith that act he favored a duty on seeds. I think he will tell you at, sir; he has told our members that.

Senator SMOOT. Senator Sterling writes to me this morning and closes a number of letters from farmers in his own State (South akota) asking that the alfalfa duty be increased 2 cents, from 2 nts to 10 cents per pound.

Mr. SCARLETT. That is quite possible. The farmers who produce ed in this country comprise about 5 per cent. Is it fair to tax the her 95 per cent (on over 6,000,000 of farms) to protect that 5 per nt?

Senator SMOOT. There are not 6,000,000 farms in the United States at grow alfalfa.

Mr. SCARLETT. No; but there are probably 6,000,000 farms that ill use alfalfa to a greater or less extent, though not growing it for ed.

Senator SMOOT. Not even growing it for hay?

Mr. SCARLETT. There is not even half or a quarter. I do not now the statistics, but there are over 6,000,000 farms, and the ajority of the farms will have a little patch of alfalfa, and we are l interested in seeing that they grow alfalfa. The more they grow, e better.

Senator SMOOT. For the seed trade?

Mr. SCARLETT. No, sir; the seed part is not interested. I am very ad you mentioned that. I am not here speaking especially for the ed men. It does not make any difference to us at all; absolutely ne. The farmer will pay this duty. If the duty is put on seed turally, if we have got to charge it on our price, and the farmer's terest is our interest.

Senator SMOOT. And the farmer who raises it is not your interest?

Mr. SCARLETT. Yes, sir; the farmer who raises it is our interest, d we would be very glad to go out to your State to help him raise re seed.

Senator SMOOT. They know how to raise seed out there just about well as the seed men here in the East.

Mr. SCARLETT. The seed man does not know much about it. But ase get that in your mind, we are not here because it especially ects our business. It is only as far as it affects the farmer. What ects the farmer affects us, and we expect you will probably hear m the farmers later on in this connection.

If the farmers come along and say all of them want the duty we l go along with them; we are perfectly willing to go along with the mers. The duty does not amount to 10 cents as far as we are ncerned.

I understand that neither the Treasury Department nor the Agri- tural Department have favored a duty. The Treasury Department

does not think it is necessary and the Agricultural Department does not think it is necessary.

Senator SMOOT. I do not think the Treasury Department has expressed any opinion on it whatever.

Mr. SCARLETT. No, because they have not been asked.

Senator SMOOT. Then, how do you know?

Mr. SCARLETT. They have not been asked officially.

Senator SMOOT. It would not make any difference to the committee if they had; the committee would decide the question.

Mr. SCARLETT. It probably would not make any difference to the committee. But the Treasury Department, I believe, have statistics and they are interested in revenue.

Senator SMOOT. They would not get any revenue by putting it on the free list.

Mr. SCARLETT. They would not get much duty by putting it on the duty list, either.

Senator SMOOT. They would not get any less on the dutiable list.

Mr. SCARLETT. But they would injure the seeding availability in the United States; the injury would be greater than the revenue derived from this.

Senator WATSON. Take red clover, for instance. Do we produce enough red clover in the United States to supply the domestic demand?

Mr. SCARLETT. No, sir.

Senator WATSON. Every year there is an import?

Mr. SCARLETT. Every year there is an import, sir. In the last 10 years, from 1910 to 1920, the average import of red clover was 10,494,254 pounds.

Senator WATSON. Is the same true of white clover, alsike, and other clovers?

Mr. SCARLETT. Yes, sir, in proportion.

Senator MCLEAN. Is there a profit in raising it, or is the margin very close?

Mr. SCARLETT. I have heard it from some farmers, sir, that they would rather buy their seeds and pay a big price than to let it go to seed, because they had a greater value in the hay or the green manuring by turning it under to enrich the soil than to let it go to seed and cut if off at a critical time of the year and allow the soil to be exposed to the heat of the sun.

Senator MCLEAN. Still, it is raised in large quantities for seed purposes, and I did not know but what you would be able to answer the question as to whether the margin of profit was very small or not. There might be a large profit in raising it for hay. There would be if the transportation charges could be reduced. There is a great market for alfalfa in the East, as it is considered the highest quality of forage in the East, and we would like to get it from the West, but the freight rates are so high that it is almost impossible for us to buy in competition with other grasses, and I was wondering whether there was very much profit in the seed in the vetch. I think it is an industry that should be stimulated in this country if possible, because it is an expensive part of the farmer's outlay if he seeds much. The seeds are very high.

Mr. SCARLETT. The Agricultural Department have tried to stimulate the production during the war, but many of them found it n

rofitable to turn it under and use if for other crops rather than to et it go for seed, and that is why we would like to get the seed here heaper if possible if it is of good quality.

Senator SMOOT. Senator, many western farms use it ever so often o turn under for fertilizer. It is a splendid fertilizer. The roots o down very deep, and not only that, they turn it under as fertilizer nd then rotate the crops, and then put alfalfa back again. It is ot because of the importation of seed, nor any demand at all.

Mr. SCARLETT. You take an item such as hairy vetch, which is ecoming of considerable importance in the United States. It is rown very little here, and it is sown on farm lands in the South, nds which are almost valueless. It is the most wonderful thing the outh has had in years. It is rejuvenating that whole section. I nderstand that land down there is very cheap; in fact, I have been old that it could be bought at $5 or $10 an acre. That looks wfully cheap to me. However, I have been told that is a fact. It ould cost them $1.20 an acre to put hairy vetch on that land, nd they will not do it, sir. Vetch will not be produced in those ctions. That will just be a loss to this country; and it is used as n introductory crop to get that ground in condition to start other rops.

Senator SMOOT. How many years would the $1.20 last?

Mr. SCARLETT. With the one seeding?

Senator SMOOT. Yes.

Mr. SCARLETT. I do not know, sir.

Senator SMOOT. That is the same as alfalfa. It costs 40 cents an re for alfalfa, and it can run for 10 years at a cost of 4 cents an re.

Mr. SCARLETT. That is if they are continuing to let it grow up in falfa, but if they want to rotate it would be for only one year.

Senator SMOOT. That is done for fertilizing and nothing else?

Senator McCUMBER. In many of the arid sections, where they do ot have considerable money and do not irrigate, it will not last ree years.

Senator SMOOT. You can not grow it unless you do irrigate.

Senator McCUMBER. Oh, yes; you can.

Senator SMOOT. Mighty little of it.

Senator McCUMBER. It is grown all over this country where they not irrigate. It is grown in my State, and they do not irrigate it.

Senator SMOOT. They do not raise very much seed unless they igate.

Mr. SCARLETT. Mr. Smith has just called my attention to the t that this $1.20 additional is the tax and not the base cost of e seed.

Senator SMOOT. We all understood that.

Mr. SCARLETT. And the price that we paid, according to this table, s as of July 9, and I might say that in anticipation of this duty ices of nearly all imported seed have advanced approximately 25 r cent, and there is a howl from the farmers at the present time y they should be paying so much more when everything is being flated.

You spoke of growing clover, alfalfa, etc. You know in such ates as Pennsylvania they grow large quantities of red clover. ll they are the greatest buyers of red-clover seed. There is more

red clover bought in Pennsylvania than any other State, I think. Nevertheless, they raise red clover there; and that is because it pays them better to turn it under, I presume, and buy red-clover seed from outside sections.

Senator McLEAN. How far north is the hairy vetch profitable?

Mr. SCARLETT. It grows in Michigan. Whether it is grown to any appreciable extent in Canada I do not know. But I do know that it grows in Michigan.

Senator McCUMBER. Where do you get the seed from the outside?

Mr. SCARLETT. The best hairy vetch comes from Sweden. Hairy vetch also comes from Germany, Czechoslovakia, and Central Europe.

It is a fact, of course, that the tariff will inflate prices, and these duties will be paid by the farmers, and we hope you gentlemen will have in mind that there are many, many more farmers who buy seeds than there are who grow them, and it is for that class that we are speaking.

Senator SMOOT. Many more who buy wheat than grow it?

Senator McCUMBER. What?

A VOICE. It is on the free list.

A VOICE. Some one says it is on the free list.

Senator SMOOT. That is all he knows about it.

Mr. SCARLETT. There are sections in this country where they raise certain seeds. Red top is raised in Illinois, but it is not imported. Timothy seed is raised in Iowa, but it is not imported. It being on the free list does not affect them at all; it does not affect those seeds that are raised in sufficient quantity in America to supply our consumption.

Senator DILLINGHAM. Can you state just what is raised in this country and not imported among the seeds? You have mentioned two or three.

Mr. SCARLETT. Timothy seed and red top.

Senator SMOOT. Red top is imported, is it not?

Mr. SCARLETT. Not to any great extent, I think. There may be a little; if there is a change in the market, it may come back; that is American seed.

Senator McLEAN. Timothy seed is included in 761. But you say it is not imported?

Mr. SCARLETT. No, sir. We raise enough timothy in this country to supply the home demand and export some.

Senator McCUMBER. What other varieties do we raise enough of?

Mr. SCARLETT. None except red top, and if they are on the free list it does not affect them.

Senator McLEAN. What do you say about the rates, if we are to retain any rates? Are they fairly comparable to the prices here as contained in 761?

Mr. SCARLETT. That is a question the farmer would have to answer. I could not answer that.

Senator McLEAN. In maintaining an ad valorem equivalent some would be much higher than others?

Mr. SCARLETT. Yes.

Senator DILLINGHAM. What do you sell alfalfa seed for?

Mr. SCARLETT. Alfalfa seed at the present time is worth 20 cents a pound.

Senator DILLINGHAM. And the duty is 2 cents a pound?

Mr. SCARLETT. That is an advance of 4 cents a pound in the last our weeks—the price I mentioned.

Senator DILLINGHAM. What are you selling crimson clover for?

Mr. SCARLETT. We are selling crimson clover at 9½ cents a pound.

Senator DILLINGHAM. And the duty is 1 cent?

Mr. SCARLETT. Yes, sir.

Senator DILLINGHAM. What about red and white clover?

Mr. SCARLETT. Red clover is selling at about 19 cents a pound.

Senator DILLINGHAM. And the rate is 2 cents?

Mr. SCARLETT. It is 3 cents, sir.

Senator DILLINGHAM. And white clover?

Mr. SCARLETT. White clover is selling at 30 cents a pound.

Senator DILLINGHAM. And the rate is 3 cents?

Mr. SCARLETT. Yes, sir.

Senator DILLINGHAM. What do you sell timothy for?

Mr. SCARLETT. Timothy is selling for about 6 cents a pound.

Senator DILLINGHAM. And the duty is 2 cents, according to this ill?

Mr. SCARLETT. Yes, sir.

Senator McLEAN. How many pounds are there in a bushel of mothy?

Mr. SCARLETT. Forty-five; that is about $2.70 a bushel.

Senator McLEAN. That is a pretty large ad valorem?

Mr. SCARLETT. Gentlemen, that about covers it, as far as the eneral run is concerned.

Senator McLEAN. Do you want to file your brief?

Mr. SCARLETT. Yes, sir. If there is anything I can answer I would e very glad to do it.

IEF OF WILLIAM G. SCARLETT, BALTIMORE, MD., REPRESENTING THE WHOLESALE GRASS SEED DEALERS' ASSOCIATION.

Paragraph 761 of the Fordney tariff bill provides duties on grass seeds per pound follows: Alfalfa, 2 cents; alsike clover, red and white clovers, 3 cents; crimson clover, ent; clovers not specially provided for, 2 cents; millet, one-half of 1 cent; timothy, ents; hairy vetch, 2 cents; spring vetch, 1 cent; and all other grass seeds not specially ovided for, 2 cents.

DEFINITION OF GRASS SEEDS.

As grass seeds have a technical meaning unknown except by those acquainted with subject, grass seeds are defined and known within the contemplation of the United ates tariff laws, agriculturally, and in the seed trade, as the seeds producing all fodder, sture, and fertilizing plants, i. e., speaking botanically, the two great groups called amineae and Leguminosae, plus rape, a member of the mustard family.

Therefore the term "grass seeds" covers practically all the agricultural or field-sown ds, except the cereals like corn, wheat, rye, oats, etc., which, though botanically sses, yet, under the tariff laws and agriculturally, are not considered grasses.

AGRICULTURAL IMPORTANCE OF GRASS SEEDS.

Compared with other commodities, grass seeds may not appear to have a large money ue. The Bureau of Markets of the United States Department of Agriculture has de an estimate, probably only a rough estimate, that the average yearly production ll grass seeds, domestic and imported, in the United States is 400,000,000 pounds, ued at between forty and fifty million dollars.

No mistake, however, must be made as to the really tremendous values of the prod- of these grass seeds.

The average annual hay crop of the 48 States from 1911 to 1920, farm value, i. e., ue to the producing farmer, was $1,613,896,000.[1] Estimates of the very large value

[1] Statistical Abstract of the United States, 1920, Bureau of Foreign and Domestic Commerce, p. 144.

of other products of grass seeds could be cited from the same authority. Yet there [illegible] no means of ascertaining the imposing value of crops from leguminous seeds which are plowed under for green-manuring for soil improvement.

During the last war seeds were held of such prime importance that the various Government departments classed them with munitions or food products in all priority classifications. Congress passed a special war act to determine the supply and to increase the supply of these seeds.

It is therefore too obvious to require further details that grass seeds, though of perhaps small value, have, by reason of what they produce, a very great effect on the welfare of the country.

GRASS SEEDS UNDER FORMER TARIFF LAWS.

Grass seeds under all the tariff laws of this country have always been carried on the free list. Paragraph 595, Underwood Act of October 3, 1913; paragraph [illegible] Payne-Aldrich Act of August 5, 1909; paragraph 611, McKinley Act of August [illegible] 1894; Tariff Act of October 1, 1890; section 2503, tariff act of March 3, 1883; section [illegible] 8, tariff act of February 8, 1875.

PRINCIPAL REASONS WHY GRASS SEEDS SHOULD BEAR NO IMPORT DUTIES

The American farmer, particularly in his present distressing condition, should not be burdened with the heavy increase in the purchase price of grass seeds which will be caused by the duties assessed in paragraph 761 of the Fordney tariff bill.

The inevitable result of these heavy duties on grass seeds will be to increase the prices of grass seeds whether produced in this country or in foreign countries, because of the economic effect of the substantial elimination of competitive world markets. This is proved by two circumstances:

Certain grass seeds composing a large part of the agricultural demands of this country are not produced in the United States to any commercial extent, to wit, crimson clover, alsike clover, hairy vetch, spring vetch, rape, Canada blue grass, rye grass and all the natural grasses.

The following Table A will show in figures the average yearly imports of the [illegible] said grass seeds for the years 1910 to 1920, inclusive, the proposed duty to be assessed thereon by paragraph 761 of the Fordney bill, and the potential revenue to be received from such duties and paid exclusively by the American farmer. This table is prepared from the printed reports of the United States Department of Agriculture.

TABLE A.

	Average yearly imports, 1910-1920.	Proposed tax per pound.	[illegible]
	Pounds.	*Cents.*	
Alfalfa	4,897,026	2	[illegible]
Alsike	2,872,936	2	[illegible]
Crimson clover	5,595,594	1	[illegible]
Red clover	10,494,254	2	[illegible]
White clover	355,696	3	[illegible]
Other clovers	3,595,782	2	[illegible]
Millet	1,592,721	½	[illegible]
Timothy	111,619	2	[illegible]
Hairy vetch	857,259	2	[illegible]
Spring vetch	650,293	1	[illegible]
Other grasses	3,488,909	2	[illegible]
Total			[illegible]

That the Congress may have an even more striking proof of the burden of the duties on grass seeds which are not produced on a commercial scale in this country Table B is given, showing that the American farmer must pay an average of [illegible] per cent more for these grass seeds or at the average rate of 59.1 cents per sowing [illegible] These figures do not tell the entire story, unless one is aware of agricultural conditions. For example, hairy vetch would cost, under this Fordney bill, $1.20 more per [illegible] acre, and as this seed is often sown on poor land of low valuation the duty means [illegible] planting and no production on such land.

TABLE B.

Seeds directly affected by imports.	Current wholesale price per pound.	Proposed import tax per pound.	Resulting wholesale price with duty per pound.	Approximate increase in price.	Tax per sowing acre.
	Cents.	Cents.	Cents.	Per cent.	Cents.
lsike clover	17½	3	20½	17.1	45
imson clover	7½	1	8½	13.3	15
ed clover	18	3	21	16.6	45
hite clover	35	3	38	8.5	36
iry vetch	8½	2	10½	23.5	120
ring vetch	5	1	6	20	60
pe	7½	2	9½	26.6	20
nada bluegrass	18	2	20	11.1	80
chard grass	20	2	22	10	70
ye grass	6¼	2	8¼	32	100

Average increase of above grasses, 17.9 per cent; average increase per sowing acre, 59 cents.

Prices of this table are as of July 9, since which date prices have advanced con-lerably on account of buying abroad in anticipation of the duty.

Certain grass seeds, namely, red clover, white clover, orchard grass, and millet, e grown on a commercial scale in the United States, when, if at all, the so-called otective doctrine might be a consideration. On the contrary, such a duty is un-cessary and inadvisable for the following reasons:

The domestic crop never has been able to supply the demand of American farmers these domestic-grown grass seeds, as shown by the following statistics compiled Government departments:

Clovers.—The domestic acreage and production of all varieties of clovers, which nstitute the largest item of domestic-grown grass seeds, including crimson and ike clovers, for the year 1918, to be sold for planting in the year 1919 was, according the Crop Reporter of the United States Department of Agriculture, issue of September 1919, 66,120,000 pounds. Page 499 of the Department of Commerce report for the ar 1919 showed an importation into this country of all clovers of 25,041,898 pounds. erefore, the American farmer demands 38 per cent more clover than is produced the United States. These figures are typical of other years.

Millet.—While millet is grown on a commercial scale in this country, yet, as shown the last-mentioned report, 1,775,226 pounds were imported.

 most significant fact is that red clover and alfalfa, composing the largest pro-tion of these domestic-grown grasses, are what is called "Incidental seed crops." erican farmers do not grow these crops expressly and solely for the production eeds. Other important issues enter into the disposal of these crops, viz, the cur-t or prospective market value of hay. If hay is or may be high the crops are hered to be sold for fodder. If the farmer, at the approach of harvest, finds a seed p more valuable he allows the crop to ripen for seed.

n elevating the costs of grass seeds to farmers by this Fordney tariff bill, Congress avoring a few seed growers in a few limited sections of the country at the expense he vast majority of the American farmers.

lost of the meadow fescue seed crop of the United States is produced in four coun-in eastern Kansas. (Seed Reporter, U. S. Dept. of Agriculture, issue of Novem-1917, p. 4.)

ed top grass seed crop is produced in southern Illinois and Indiana.

ighty per cent of the domestic production of timothy seeds comes from certain s of four States, Missouri, Minnesota, Illinois, and Iowa. (Seed Reporter, issue ug. 10, 1918.)

lfalfa seed is produced by a few Western States. Most unfortunately this supply, bly in the States of Utah, Colorado, and Idaho, is becoming unavailable for seed plies because the producers can not or will not properly clean their fields of ious weed seeds. Some of these weed seeds can not be removed by cleaning hinery, and in other cases can only be removed with such difficulty that the ng price of the recleaned seed is well nigh prohibitive in certain markets.

he tariff on grass seeds will, by seriously increasing the purchase price to the erican farmer result in the curtailment of planting and consequently of produc-. It is well known to the seed trade that any material increase in prices of seeds uickly reflected in diminished sales.

Higher prices for grass seeds caused by paragraph 761 of the Fordney tariff bill [illegible] drive the small, and too often the large farmer to buy cheaper, inferior, and [illegible] infested grass seed. The purchase of such seed containing large quantities of [illegible] weed seeds will be a calamity, will disastrously affect the economic value of [illegible] the land, lower tax valuations, and nullify the effect of the valuable work [illegible] United States Department of Agriculture and the agricultural departments of [illegible] States to educate the farmer to buy even at higher prices the highest quality of [illegible] practically free from noxious weed seeds.

The American farmer who buys grass seeds to plant is in such a condition th[illegible] Congress should not increase his burdens by higher priced grass seeds. This Ford[illegible] bill admits duty free agricultural implements (par. 1504) and other benefits. [illegible] reverse this policy by putting grass seeds on the dutiable list? If this duty is [illegible] of protection the benefit can not attach to a large proportion of the grass seeds [illegible] are not domestic grown, nor should this policy be adopted where, as in this case, [illegible] a small number of growers are to be benefited at the cost of the vast major[illegible] farmers.

The duties on grass seeds mean no appreciable increase in revenue. See Table [illegible] which shows this amount of potential revenue to be $740,410.95. But the Gover[illegible]ment will not realize even this sum because imports will lessen very considerabl[illegible]

The official tables of statistics of exports of grass seeds from this country show [illegible] these seeds are depending on the world markets, freely offered in competition with [illegible] world. This condition shows that protection is not needed as far as growing see[illegible] considered.

Seedsmen have made diligent inquiry to ascertain from official sources the rea[illegible] why the House Committee on Ways and Means has attempted to reverse the p[illegible] of all former tariff laws by placing grass seeds on the dutiable list in this bill with [illegible] following results:

We understand that neither the Treasury Department nor the United States [illegible]partment of Agriculture have suggested or approved duties on grass seeds in this [illegible]

The only reason assigned by the chairman of the subcommittee of the House W[illegible] and Means Committee for the duties was to prevent importation of low-grade [illegible] seed. The complete answer to this is that there has been a Federal statute called [illegible] Federal import seed act of August 20, 1912, which has efficiently operated to pre[illegible] the importation of low-grade grass seeds for the last nine years—a fact which wa[illegible] known to the chairman of this subcommittee.

CONCLUSION.

There is no sound reason for imposing these onerous duties on grass seeds, but [illegible] the strongest claims of the American farmers for free grass seeds as in all former [illegible] laws.

Therefore, paragraph 761, imposing duties on grass seeds, should be stricken o[illegible] the Senate Committee on Finance and by the Senate, and the conferees of the S[illegible] with the conferees of the House should insist on such amendment. Grass seeds sh[illegible] be inserted in the free list of the tariff bill in the appropriate place.

GARDEN SEEDS.

[Paragraph 762.]

STATEMENT OF KIRBY B. WHITE, DETROIT, MICH., REPRESENT[illegible] THE AMERICAN SEED TRADE ASSOCIATION.

Mr. WHITE. Mr. Chairman and gentlemen of the committee[illegible] association comprises practically all of the importers of garden s[illegible] I wish to ask you to refer to paragraph 762, on page 106 of the [illegible] which is stated, "Garden seeds, not otherwise specially provid[illegible] 20 per cent ad valorem."

We ask simply this, that you make that duty specific rather [illegible] ad valorem. It was specific under the Aldrich Act. It is sp[illegible] now under the Underwood Act. It ought always to be speci[illegible] cause of the practical difficulties in appraising the value of g[illegible] seeds.

Your committee recognized this difficulty in 1909 when the bill ame from the House, indicating the duties as ad valorem, and hanged the form of assessment at the request of the American Seed 'rade Association.

The reason for the very great difficulty of appraisal is that every lot f garden seeds is an individual lot, precisely as every Holstein cow s an individual cow. The value in the one case may be four times he value in the other case.

If you wish a duty which is equivalent to 20 per cent, as indicated n the bill, approximately 6 cents per pound would be the right mount based on the last 10 years average on foreign valuation. Vith American valuation it would probably be more.

The importers will cheerfully abide by any rate, 5 cents, as in the resent act, 6 cents, 10 cents, as was provided for in the Aldrich Act, r 15 cents, so long as you relieve us of the burden of declaring a narket value which exists only in the opinion of the Treasury Department.

Are there any questions?

Senator McCUMBER. Nothing, thank you.

DRIED BEANS.

[Paragraph 763.]

BRIEF OF GEORGE R. SIEVER, REPRESENTING THE FOREIGN COMMERCE ASSOCIATION OF THE PACIFIC COAST.

We invite your attention to paragraph 763 of the Fordney tariff bill, wherein dried beans are given a duty of 1¼ cents a pound, an increase of 200 per cent over the rate on this commodity in the tariff act of 1913.

We respectfully urge that your committee amend this item so as to assess dried beans not more than one-half cent per pound. This recommendation is made in consideration of the following facts, which will be fully established in this statement:

1. The proposed duty is not necessary for the protection of domestic producers because recent losses of domestic producers were not the result of foreign competition, but were due to economic causes.
2. The proposed duty is not necessary for the protection of domestic producers because their claims that importations adversely affect the domestic industry are not borne out by an analysis of conditions during normal years, or even during 1917-18.
3. The proposed duty is not necessary for the protection of domestic producers because the 1917-18 situation upon which they base their demands has been reversed since 1919.
4. The proposed duty is not necessary for the protection of domestic producers because competition between domestic and foreign growers for American markets is already on a basis favorable to the domestic industry.
5. The proposed duty will not benefit the Government because it is so excessive as to impair its value as a revenue producer.
6. The proposed duty will be detrimental to the interests of the consuming public because it will unnecessarily raise the price of a staple food product.
7. The proposed duty will not serve the best interests of the country because it will injure our trade relations with important purchasers of American products and adversely affect the many industries engaged in foreign trade.

Following is a summary of figures on the bean industry, which will be frequently referred to herein.

Production statistics were obtained from the Yearbooks of the Department of Agriculture and the Statistical Abstract for 1920 (figures for 1910-1913 being given in the only form available, an average of the crops of those years).

Imports statistics from 1910-1918 were secured from the Tariff Commission handbook entitled "Imports and Duties, 1908 to 1918, inclusive;" for 1919-20 from that commission's "Survey of the American Bean Industry."

Figures on exports were found in the series of the Bureau of Foreign and Domestic Commerce, "Foreign Commerce and Navigation of the United States."

The bushel used as the unit of measure contains 60 pounds of beans.

Year	Production	Imports	Exports	Year	Production	[illegible]
	Bushels	Bushels	Bushels		Bushels	Bushels
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	1,234,000	Total	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]			

First point: "The proposed duty is not necessary for the protection of producers because their recent losses were not the result of foreign competition were due to economic causes."

Although domestic growers claim that "beans are the only important food that have sold at prices materially lower than the price of the ... Beans are the only important food product which have sold below the cost ... tion." California Bean Growers' Association brief, House hearings, ... committee knows such circumstances to be general throughout the ... industry.

While domestic bean growers, in common with producers, importers ... of all agricultural commodities, recently suffered heavy losses due to a decline value of their product, their losses were only the natural result of a reaction abnormal economic conditions that previously obtained.

The fact that the same losses were sustained by producers of crops ... marketed practically without foreign competition and by importers ... produced in the United States, as well as by growers of beans shows ... cause of the recent price decline to be economic and certainly not amenable ... tion.

In this connection, attention is called to the heavy decline that took ... prices of such varied products as cotton, iron and steel, petroleum, and ... the case of every one of the commodities referred to the competition ... negligible yet prices declined equally as violently in these lines as in the case ...

Then again, commodities that are not produced in this country and ... domestic competition also declined heavily, silk, coffee, and burlap being ...

The fact that the decline that affected beans also affected almost all com... domestic and imported, is very strong evidence to show that the cause of the ... in the price of beans was fundamentally economic.

Second point: "The proposed duty is not necessary for the protection of ... producers because their claims that importations adversely affect the ... industry are not borne out by an analysis of conditions during normal years ... during 1917–18."

Taking only the figures for 1917–18, when most abnormal conditions pr... domestic growers endeavor to create the impression that the market has been ... with foreign beans, bringing down prices to the producer and generally dis... the industry. Also that such a condition will become permanent if a high ... tive tariff is not enacted.

Yet looking into the facts of the matter we find that while imports greatly ... during the war years, the same was true of domestic production. In terms of ... imports jumped from 1,617,000 bushels in 1914 to 2,521,000 bushels in 1917, wh... duction increased from 8,846,000 bushels in 1914 to 16,045,000 bushels in 191...

We also find that even in 1917–18, exports offset imports to a degree that ... domestic growers almost complete protection. In 1917, 2,521,000 bushels ... imported and 2,164,000 exported, leaving a difference of 56,720 bushels to ... flow" a market already dominated by 16,045,000 bushels of domestic ... 1918, 2,459,000 bushels were imported and 2,398,000 bushels exported, lea... difference of only 61,059 bushels to "bear" a market supplied with 1... bushels of domestic beans.

Figures since 1910, which give a much more accurate basis for judgment than for the two war years, show that exports of beans from the United States to ... countries have exceeded imports of beans into the United States during th... period by over 75,000,000 pounds.

Furthermore, the average ratio of imports to domestic production since 1... been, home-grown 89 per cent, imported 11 per cent.

If there were no exports whatever and the whole force of foreign imports ... thrown on the domestic market, it would hardly be reasonable to consider 11 per ... of the marketable beans as controlling a market in which domestic beans are so ... whelmingly predominant.

·e fact that imported beans sold and still sell for less than domestic beans is not to vicious underselling by importers but to the superiority of the American-a product. In accusing importers of weakening the market by consistently rselling them, domestic growers are representing as an evil a situation that is ally one of their strongest protections against foreign competition, namely, the act superiority of domestic beans and the premium always paid for a domestic ɜ over the price given for the oriental variety coming into direct competition it.

is preference of the American buyer for domestic beans is constantly capitalized he growers at from one-fourth to three-fourths of a cent per pound (see Tariff mission's survey of the American bean industry).

·ird point: The proposed duty is not necessary for the protection of domestic ucers because the 1917–18 situation, upon which they base their demands, has reversed since 1919.

·en assuming for the purpose of argument that imports did exert the harmful ence growers claim, which is certainly not the case, the fact that the situation prevailed in 1917–18 has since entirely readjusted itself is another objection to ıer tariff protection at this time.

ıports for 1919 were less than half of the volume imported in 1918, while exports · more than one-third greater than in 1918.

ıports for 1920 were but one-fifth of 1918 figures, while exports were more than ıle the volume of imports.

ith imports four-fifths less than in 1918 and still steadily declining, fear of oriental petition seems hardly justified.

ı connection with the excess of exports over imports, a factor that merits con-ration is the expediency of continuing to import lower grade oriental beans at ratio of 10 per cent of our production and disposing of 17½ per cent of our higher e domestic crop in foreign markets.

uring the past six years this country has exported more than 13,500,000 bushels eans as against the 75,000,000 bushels it produced. In other words, since 1915 exports have amounted to 17½ per cent of our production. Our imports during same period were but 7,500,000 bushels or 10 per cent of our production.

his exportable surplus must compete with foreign beans in the world's markets the price for which it sells must necessarily have an important part in determining price of the commodity at home.

t would seem to be the wiser step to continue to dispose of 17½ per cent of our ns abroad and to import lower-grade oriental beans, equal to but 10 per cent of production in their stead.

ourth point: "The proposed duty is not necessary for the protection of domestic ducers because competition between domestic and foreign growers for American ·kets is already on a basis favorable to the domestic industry."

tariff is enacted with one or both of two objects in view, namely, to protect home ustry, or to provide revenue. Taking up the first of these objects, it is submitted t if home industry is already sufficiently safeguarded, further protection is unneces ·. Or in other words, if (1) the volume of imports is not large enough to threaten ıestic producer's control of the market, and if (2) foreign producers have no advan-es that could make such a situation possible, no further tariff is necessary from the tection standpoint.

'rom statistics given above, it was seen that imports when compared with domestic duction, are relatively small, amounting to less than 10 per cent of the domestic p in normal times.

t is more difficult to establish the relative competitive positions of foreign and nestic producers with regard to American markets as definite figures are not avail-e. It is interesting to note, however, that the statements of domestic growers as he low production and marketing costs of foreign beans, contrasted with the small ume of beans imported, show such a discrepancy as to almost of themselves refute charge that imported beans have a competitive advantage.

udging from the small amount of beans imported either those who bring in this nmodity have the advantage over domestic producers in competition for the Ameri-ı markets and do not use it, or the charge that they have such an advantage is in or. As it is hardly probable that importers or members of any other industry uld fail to use any advantage in their favor to increase the volume of their business · only conclusion to be reached is that they actually do not possess any such com titive advantage.

That the latter situation is the true one is seen from the following comparis[on] factors involved in marketing domestic and foreign beans:

AMERICAN BEANS.	ORIENTAL BEANS.
1. Expensive but efficient labor.	1. Cheap but inefficient labor.
2. Modern machinery.	2. Crude implements.
3. Latest improved methods of cultivation.	3. Antiquated and unscientific meth[ods] of cultivation.
4. Large-scale production.	4. Small-scale production.
5. Close to consuming markets.	5. Thousands of miles from Ameri[can] markets.
6. Speedy but expensive transportation.	6. Slow and expensive land and inlan[d] water transportation.
7. No exchange problem.	7. Risk from exchange fluctuations du[r]ing course of conversion from native currency, to tael, to gol[d] dollar; or from silver yen to gold yen, to gold dollar.
8. Producer, broker, jobber, and retailer exact profit before goods reach consumer.	8. Interposition of numerous middlemen involves substantial profit to eac[h]. During course of marketing, bea[ns] pass through hands of grower, native dealer, broker, exporter, broker, importer, broker, jobber, retailer, and finally consumer.
9. No ocean transportation.	9. Ocean transportation, another fac[tor] of fluctuating cost.
10. No marine insurance.	10. Marine insurance cost.
11. No import duty.	11. Import duty.
12. Preferment by American buyers bringing premium of one-fourth to three-fourths cent per pound.	12. Must be sold at a price one-fourth [to] three-fourths cent per pound [be]low price enjoyed by dome[stic] product.

Even from the brief contrast above, which is confirmed by the survey of the indu[stry] by the Tariff Commission, some idea may be gained of the intricate and costly pro[cess] of marketing foreign beans and the numerous advantages of domestic producers t[hat] entrench them so solidly in the market they control.

Certainly no additional tariff to further strengthen domestic growers' domina[nt] position is necessary or desirable.

Fifth point: "The proposed duty will not benefit the Government because it [is so] excessive as to impair its value as a revenue producer."

As noted above, one of the two objects of a tariff on imports is to bring in reven[ue].

It is elementary to state that an excessive duty will entirely shut out or seri[ously] restrict importations of the commodity it covers, and hence have little value a[s a] source of revenue.

It is also hardly necessary to point out that if imports of a given article were decli[ning] under a moderate tariff, an increase of that rate by 20 per cent would probably [act] as an absolute check of the movement.

Yet these fundamentals seem to have been overlooked in fixing the rate of du[ty on] beans.

Previous to the enactment of the emergency measure, a duty of 25 cents per b[u]... was in force. Yet under this moderate tariff there was a steady decline in im[ports]. In 1919 only one-half as much beans were brought in as during 1918, and in [1920] the volume imported was less than one-half of that of 1919. Exact figures will be [found] on page 2 of this brief.

While this decline would no doubt have continued, the effect of the emergency [act] was to bring the movement to an abrupt standstill.

Figures of imports through Seattle, the principal port of entry for this commo[dity] show that while 13,230,000 pounds of beans came in during the months of June a[nd] July, 1920, not one pound was imported during June and July, 1921.

The fact of the matter is that the marketing process through which oriental [beans] must pass is so involved and expensive that a duty higher than one-half cent [per] pound is prohibitive.

Intended as an embargo measure, the emergency act served its purpose well [par]ticularly in the case of beans. The imposition of any rate above one-half cent ...

›und in the permanent bill will have a similar effect and will certainly defeat its ırpose if it is expected to yield a revenue.

Sixth point: "The proposed duty will be detrimental to the interests of the consuming public, because it will unnecessarily raise the price of a staple food product."

It is well known that beans are a highly nutritious food. On account of their meat ılue and many uses they are a staple article of diet in the homes of the middle and boring classes and are particularly esteemed by those of foreign extraction. Their ide military use shows that as a cheap and concentrated ration they are unexcelled. In the interests of the consuming public, it is unquestionably desirable that beans : sold at as moderate a price as will give a fair profit to the producer.

If a duty is provided that will give domestic growers a corner on the home market, ices will naturally rise and domestic beans will bring more than a fair return at the ›nsumers' expense.

Then again, due to rain damage, drought, frost, disease, and vermin, which affect ›ans, both growing, harvested, and stored, they are a risky crop and heavy shortages casionally occur.

With an excessive duty in force, years of domestic crop failure will be the only years which a tariff will be operative. With prices soaring and protection for domestic ›oducers even less necessary, the consuming public will be forced to absorb the import ıty.

Therefore, as the effect of an increased duty in years of normal production will be subsidize the grower at the consumer's expense, and in years of crop failure to ace a tax on a staple article of food which must also be paid by the consuming public, e submit that not only is no additional duty desirable but such an increase would against sound public policy.

Seventh point: The proposed duty will not serve the best niterests of the country, ›cause it will injure our trade relations with important purchasers of American ›oducts and adversely affect the many industries engaged in foreign trade.

Much effort has been spent, particularly during the past few years, by our Government and private agencies to aid American industries in entering foreign fields.

In this connection it has been recognized as a fundamental economic fact that there ust be a reciprocal exchange of commodities; that foreign buyers are unable to purase American goods unless credits are established in their favor by the importation their products; that transportation of American goods overseas can not be economilly and efficiently conducted unless there is cargo both ways.

American imports of beans, one of the Orient's important crops, place America ›llar credits at the disposal of Japanese and Chinese sellers, which in turn can be ›ed, and are used, to buy American machinery, textiles, lumber, steel, chemicals, ain, etc. The enormous populations of these countries are just beginning to demand e products of western civilization and opportunities are perhaps more promising r the sale of our products in these countries than in any other section of the world. is evident that to injure our trade relations with these countries by erecting a riff barrier against their products would be most unwise.

But important as foreign trade is to our manufacturing industries, our merchant arine and our import and export trade and its many allied industries depend upon for their very existence.

It may seem far-fetched to point out in connection with the tariff consideration of ıt one commodity the millions of dollars invested in and the hundreds of thousands persons dependent on these industries. But the emergency measure, covering ly a scattering list of commodities, has proven so disastrous to commerce that it is ›t entirely irrelevant to note in connection with beans that any step tending toward e diminution of imports will adversely affect, to a greater or lesser extent, the ›porter, the steamship company, the dock company, the weigher, the chemist, the arehouseman, the railroad company, the bank, and all other affiliated interests. ›ese are important lines of domestic business and in conclusion we respectfully quest that the same protection be given them as is given to other domestic industries.

(Indorsed by the following: Port of Seattle Commission, W. T. Christensen, president; Importers and Exporters Association of Seattle, H. A. Kimball, president; ıstomhouse Brokers Association of Seattle, J. P. Hansman, president.)

BEANS, PEAS, AND LENTILS.

[Paragraphs 763, 765, and 767.]

STATEMENT OF EMIL S. NORDLINGER, REPRESENTING DRIED FRUIT ASSOCIATION OF NEW YORK.

Senator McCUMBER. You desire to speak with reference to paragraph 763, do you—dried fruit?

Mr. NORDLINGER. Paragraphs 763, 765, and 767.

I have been requested by the Dried Fruit Association to suggest to you that the duty under the Payne-Aldrich Act be retained.

We do not import any dried beans to speak of when we have normal crops here. They are only imported when the crops are short or when there is a crop failure. They are used principally by poor people. The principal consuming districts are the mining and lumber districts. It would be an injustice to the consumer to put a duty of 2 cents a pound on cheap articles like dried beans, or 1, as suggested.

I refer to ordinary navy beans. Before the war we used to import them from Rumania and Hungary and some from Russia. During the war they came in from Japan. What the outcome will be when conditions become normal nobody can tell. We do not know whether we will be able to import them from Europe again.

On dried peas the present duty is 17 cents. It is proposed to raise the duty to 75 cents a hundred pounds, which is three-quarters of a cent a pound, and is entirely out of proportion to the value of the goods. The wholesale value of dried peas is about 3 cents a pound—the white or green peas—and three-quarters of a cent would mean 25 on the value.

Senator JONES. Are you an importer or grower?

Mr. NORDLINGER. We are importers. We also deal in domestic beans and peas.

Lentils used to come from Russia before the war. The only other country that produces them is Chile; but when conditions become normal again Russia will probably produce them and be able to export them. They used to cost in Konigsberg 2 cents a pound. They have been sold here to the poor Italian and Russian people at 2 pounds for 5 cents, but the average price was about 5 cents a pound retail. Now it is proposed to put a duty of 2 cents a pound on this article. They are not grown in this country; and the Dried Fruit Association thinks it would be an injustice to the poor people to put a duty of fully a hundred per cent on a cheap article of food.

Senator JONES. Do we not produce in this country something just as good to take its place?

Mr. NORDLINGER. We grow similar articles, like beans and peas. They are similar food articles. But lentils is an article which is consumed principally by Italians and Russians. They are accustomed to it at home, while the Americans do not use it much except as a side dish. It is eaten principally, or exclusively, by very poor people. To make the cost to them double it seems to us is an injustice.

If you will permit me I will submit a brief.

Senator McCUMBER. Very well; you may.

Mr. NORDLINGER. Thank you.

BRIEF OF EMIL S. NORDLINGER, REPRESENTING THE DRIED FRUIT ASSOCIATION OF NEW YORK.

At a meeting of the Dried Fruit Association of New York, held on August 3, 1921, the undersigned committee has been instructed to protest against the increase in duties on beans, peas, and lentils proposed in the tariff now under consideration by your committee.

We respectfully submit herewith arguments in support of our contentions:

Beans: Paragraph 763. The duty on this article under the act of 1913 is 42 cents per 100 pounds (25 cents per bushel); under the emergency tariff, 2 cents per pound, while the law as passed by the House of Représentatives provides for a duty of 1¼ cents per pound, and a motion has been made before your committee to advance this to 1¾ cents per pound.

It is not necessary to enter into the question of nutritious merit. It is well known that beans are staple food for the poorer classes. In normal years the United States produced about 10,000,000 bushels, and the statistics show that excluding the war years the average excess of imports over exports has been less than 1,000,000 bushels. In fact, during the years 1897, 1898, 1899, and 1907 there were more exported than imported. This proves that in normal years there is no necessity to import beans from other countries. Only in years when due to climatic conditions the crop is short can any material quantity be imported profitably, and just in those years when prices in this country would tend to become excessively high import from abroad would mitigate this condition for the consumers, who can ill afford to pay fancy prices for a necessity of life. The price of beans in foreign countries on varieties which formed the largest part of importation before the war was about 2½ cents per pound f. o. b. point of origin; the duty of 1¼ cents per pound would be equivalent to 50 per cent; 1¾ cents per pound would be proportionately higher. To tax the poor man's food to such an extent is unreasonable and unjust, when it is proposed to assess a duty of 28 per cent on caviar, 33⅓ per cent on mushrooms, and 22 per cent on goose livers, which are luxuries, and an increased duty will not benefit the grower in years of normal yield, as the supply in this country is sufficient for normal demand. It would only injure the consumer in years when the crop is insufficient for normal demand, and in those years the grower will obtain a higher price for his product anyway, as a shortage in this country would tend to increase the price proportionately. If, however, during years of normal production prices should be held higher by the growers, it would tend to divert the export orders which generally come from Cuba and other West Indian islands to Canada or other foreign producing countries.

Peas: Under paragraph 767 it is proposed to tax dried peas 75 cents per 100 pounds; split peas, 1 cent per pound. The present duty is 10 cents per bushel (17 cents per 100 pounds) on dried peas and 20 cents per bushel (33 cents per 100 pounds) on split peas. This also is an article of food which is used almost entirely by poor people, and it is generally produced in sufficient quantities for the United States consumption in this country. As the United States Department of Agriculture does not separate beans and peas in their statistics, we can not furnish any figures regarding this article, but our experience has been that in years when crops in this country were normal dried peas could not be imported from abroad and compete with the price of the domestic product. An increased duty would therefore only tend to increase the cost to the consumer without bringing any money into the United States Treasury.

Lentils: In paragraph 765 it is proposed to increase the duty on this article to 2 cents per pound, the present duty being 25 cents per bushel (42 cents per 100 pounds). This article is not grown commercially in the United States. The increased duty would therefore not help any grower, but simply put a burden on the consumer. The consumers of lentils are mostly poor laboring people, who buy this on account of its exceptional food value. Before 1914 95 per cent of the lentils imported were grown in Russia, shipped from there to Koenigsberg, where they were screened and cleaned, and thence forwarded to other parts of the world. The average price in Koenigsberg was about 2 cents per pound. A duty of 2 cents therefore would mean an increase to the consumer of 100 per cent, which is certainly altogether out of proportion when you consider that lentils are purchased by people who can ill afford to be taxed in this manner.

We, therefore, respectfully request that the rates be changed to the rates in force under the Payne-Aldrich bill, which were: Beans, 45 cents per bushel (75 cents per 100 pounds); lentils, 45 cents per bushel (75 cents per 100 pounds); dried peas, 25 cents per bushel (42 cents per 100 pounds); split peas, 40 cents per bushel (66 cents per 100 pounds).

Foreign trade of the United States in beans and peas, dried, years ending June 30, 1890–19[illegible].

Year ending June 30—	Imports.	Exports, domestic.	Excess of imports.	Excess of exports.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*
1890	[illegible]87	261,212	969,075	
1891	[illegible]68	251,063	1,406,705	
1892	[illegible]50	637,972	236,078	
1893	[illegible]43	389,913	1,365,030	
1894	[illegible]61	326,746	857,333	
1895	[illegible]99	242,680	1,293,280	
1896	[illegible]01	473,975	139,836	
1897	[illegible]94	900,219		417,2[illegible]
1898	[illegible]90	864,284		[illegible]
1899	[illegible]99	883,201		[illegible]
1900	[illegible]31	617,356	349,676	
1901	[illegible]60	[illegible]170	630,970	
1902	[illegible]98	[illegible]181	557,495	
1903	[illegible]85	[illegible]141	855,824	
1904	[illegible]57	[illegible]105	729,382	
1905	[illegible]72	[illegible]121	142,251	
1906	[illegible]41	[illegible]174	10,857	
1907	[illegible]79	[illegible]190		[illegible]
1908	[illegible]01	[illegible]139	1,350,462	
1909	[illegible]06	[illegible]109	3,057,196	
1910	[illegible]57	[illegible]121	640,436	
1911	[illegible]71	[illegible]138	749,738	
1912	[illegible]92	[illegible]168	1,470,494	
1913	[illegible]43	[illegible]168	1,781,775	
1914	[illegible]58	[illegible]165	2,195,938	
1915	[illegible]50	1,[illegible]161	235,[illegible]	
1916	[illegible]90	1,[illegible]153		157,[illegible]
1917	[illegible]14	2,[illegible]143	2,746,071	
1918	[illegible]79	1,[illegible]182	4,420,397	
1919	[illegible]52	4,[illegible]120	1,290,989	
1920	[illegible]81	2,[illegible]128	3,082,958	

MUSHROOMS.

[Paragraph 766.]

STATEMENT OF A. G. HUPFEL, NEW YORK, N. Y.

Mr. HUPFEL. Mr. Chairman and gentlemen, Mr. Jacobs and I w[illegible] talk on mushrooms. I am speaking with reference to the mushroom growers of the country and he will speak on the canned mushroom[illegible] I am asking you to leave the tariff as arranged by the Ways and Means Committee the same as they have arranged it. I am asking f[illegible] the protection of a real infant industry. I am the first man that ha[illegible] ever converted a brewery into a mushroom plantation. During th[illegible] hearing before the Ways and Means Committee one of the gentleme[illegible] appeared and stated that mushrooms could not be raised in th[illegible] country. I have brought along some photographs taken by the In[illegible]ternational Film Co. and the Thompson people, who furnish pictur[illegible] for all the Sunday pictorial papers of the country, and I show [illegible] pictures of an old brewery that has been turned into a mushroo[illegible] plantation.

Senator CALDER. When did you begin this work?

Mr. HUPFEL. We were put out of business during the war by pr[illegible]hibition, and after looking over 25 or 30 industries I finally decid[illegible] to go into this industry, finding that a brewery could be used for th[illegible] purpose; and I have letters here showing that a great many brew[illegible] of the country are turning their minds now to raising mushroom[illegible] I have one letter here from the Frank Fehr Brewing Co. They hav[illegible] already started. They now have about 20,000 feet under cultiv[illegible]tion, and they are going to increase that this year to 100,000.

I have a letter also from the Moerschel Co., of Sedalia, Mo. They lso want to take it up. I have another one from the Houseman rewing Co., of Madison, Wis. Another from the Sheeby Spring Brewig Co., of St. Charles, Mo. Another one from the Stroh Brewery, of etroit, Mich.

You see what I have done here [exhibiting photographs] is to open new field, and I feel that with proper protection, such as the Ways id Means Committee of the House has provided for us, this struging industry, which was started in this country, I understand, oout 12 or 15 years ago, can flourish. This industry, I found on vestigation, raises about a million pounds of mushrooms a year, id there are imported about eight to nine million pounds.

Senator LA FOLLETTE. The members of the press here are very derous of knowing whether these mushrooms grown in the breweries ntain a "kick."

Mr. HUPFEL. Senator, if I told you it contained over 2.75 I am raid our sales would be so increased that we could not fill the orders.

Senator JONES. What is the tariff on mushrooms now?

Mr. HUPFEL. The industry has been under a tariff of about 2½ nts a pound.

Senator JONES. I have not the bill before me. Is that what the ouse bill provides?

Mr. HUPFEL. The House bill provides for 33 per cent ad valorem, nerican valuation.

Senator JONES. What difference will there be between the two es?

Mr. HUPFEL. We figure that the rate will be about 35 cents a pound der the American valuation.

Senator JONES. It is raised from 3 cents to 35 cents?

Mr. HUPFEL. Two and one-half cents is nothing. It is not even a iff for revenue.

Senator JONES. You started in this business when the tariff was 2½ ts?

Mr. HUPFEL. During the war when they could not be imported, n I was put out of business.

Senator JONES. Did you start into the business with the idea that would get protection of 35 cents a pound?

Mr. HUPFEL. Not exactly. I had to use my plant for something. oked over all these various other industries, and none of them were ing the world afire with their profits. I started out on this as e photographs will show you. Let me take this one picture here icating]. This shows the cellars dismantled. This shows you the eriment of using the cubic capacity [indicating]. Those are the den frames, 2 or 2½ feet apart, on which mushrooms are raised. ll show you those same cellars of steel construction, six tiers high, g the entire capacity. The brewery cellars were about the size is room, and to raise mushrooms under this system—the French em—on the floor, was wasting a lot of this room. So we have into it in this manner [indicating on photograph].

Senator McCUMBER. You are satisfied with the rates given by the se?

Mr. HUPFEL. Yes, sir. I merely ask you to hold it, Senator. t is all.

Senator DILLINGHAM. What material are they grown in?

Mr. HUPFEL. Fermented horse manure or compost. It takes about three weeks to ferment that. The spawn is inserted, which is really the plant. The mushroom has seeds or spores, and these are planted, and that spore goes into the compost, the mycelium, as we call it, which is really the plant It reproduces itself and bears fruit and that fruit is the mushroom

Senator CALDER. It is your idea that if proper protection is given it will so encourage the industry that you can take care of all of it without any importations at all?

Mr. HUPFEL. I think so; yes, Senator.

Senatar CALDER. And competition would bring down the price of the raw article?

Mr. HUPFEL. That is the fact.

Senator JONES. How many million pounds did you say are imported now?

Mr. HUPFEL. From the records I have here from Washington between eight and nine million pounds.

Senator JONES. How many pounds do you expect to produce in your plant?

Mr. HUPFEL. We expect to get the capacity up next year to about 300,000 pounds.

Senator JONES. Then it will require a number of plants?

Mr. HUPFEL. We are not the only growers in the United States. It will give them a chance. Canada has put a duty of 30 cents upon American mushrooms raised out in the far West. There are a great many mushrooms out in the West, but because of the low price of the imported mushrooms they have been driven out of business from time to time.

Senator JONES. What do mushrooms sell for?

Mr. HUPFEL. It varies. At this particular season of the year, when no fresh mushrooms can be obtained, they sell at 80 cents to $1 a pound. In the height of the season, in the wintertime, they run about 30 to 40 cents a pound.

Senator JONES. You would rather have a specific duty so that you would know what the price was going to be?

Mr. HUPFEL. We would rather have a specific duty, but we are satisfied with what the Ways and Means Committee has done for us.

Senator JONES. Do you think when your mushrooms are selling in this country at 30 to 40 cents a pound an ad valorem duty of 35 per cent would be ample?

Mr. HUPFEL. I think so.

Senator JONES. Then, what about it when they are selling at $1 a pound in the United States? Do you want, then, to get 35 per cent duty?

Mr. HUPFEL. No. When they are selling at $1 a pound——

Senator JONES. You do not need any protection then, do you?

Mr. HUPFEL. The situation is just this, Senator: The American public are not used to using the fresh mushrooms. They use the dried and the canned mushrooms, and about 80 per cent of the mushrooms are ground up for sausage and soups. The imported mushroom breaks the American market for fresh mushrooms.

Senator JONES. Is that seasonal?

Mr. HUPFEL. Yes, sir.

Senator JONES. What seasons of the year?

Mr. HUPFEL. The only season that mushrooms are very high is in e months of July and August; and the reason for that is that they n not be raised without proper refrigerating facilities. There is one ıer mushroom grower who has put in an ice machine, and the eweries have refrigerating facilities. We have refrigerating maines, and thereby control the temperature of the cellars, which is very, very important thing.

Senator JONES. So, then, the price of mushrooms in the United ates actually varies each year, generally speaking, from 30 to 40 nts a pound up to $1 a pound?

Mr. HUPFEL. The high price is only in the summer time.

Senator JONES. So that in the summer time you would have a tariff 35 cents a pound when prices are high, and in the other months of e year from 9 to 10 cents a pound?

Mr. HUPFEL. I assume that the imported mushrooms would regute it to cover those two months. Directly after the war they ported here a whole shipload of mushrooms, one-half a million llars' worth coming in, in cans, and they were held over. Prior to e war it broke the market from something like 60 cents to 30 cents New York. We could not produce them for 30 cents.

Senator JONES. What can you produce them for?

Mr. HUPFEL. About 40 cents.

Senator LA FOLLETTE. What did you say the imports were?

Mr. HUPFEL. Between eight and nine million, I am advised.

Senator LA FOLLETTE. The official statement here is that the total ıantity imported in 1921 was 3,732,459 pounds.

Senator MCCUMBER. That means the fiscal year ending June 30.

Senator LA FOLLETTE. Yes. And in 1920 there were imported 301,000 pounds.

Mr. HUPFEL. I have the figures here of the Department of Agrilture.

Senator JONES. The difference might be in the classification, hether fresh mushrooms or canned.

Senator LA FOLLETTE. These are the total importations.

Mr. HUPFEL. I have the figures here of the Department of Agrilture.

Senator LA FOLLETTE. Here are the official figures of the Treasury epartment [indicating].

Mr. HUPFEL. I do not know where these came from. I will read ıem to you. In 1918, 1,200,000 pounds; in 1919, 2,093,000; 1920, r the first nine months, 2,200,000 pounds. They did not have the gures for the last quarter.

Senator CALDER. They are about the same as the figures you have ad.

Mr. HUPFEL. These are from France.

STATEMENT OF EDWARD H. JACOBS, WEST CHESTER, PA.

Mr. JACOBS. The mushrooms grown in this country at the present me are far beyond the estimates given. The Department of Agrilture asked me to get as close an estimate on the subject as I ossibly could, within the past year, and I figure that there are from ve to six million pounds of fresh mushrooms grown, and they are etting to be used very largely in place of the canned mushrooms. I

myself grew 600,000 pounds last year. Mr. Hupfel grew 200,000 pounds. That amounts to 800,000 for two growers alone. We have at least 250 growers in the East and a good many in the West. There is no doubt but that the American farmer can grow all the mushrooms that can possibly be used in this country, either fresh or canned.

I have just completed a trip through the West investigating the canned-mushroom situation, and the large wholesale dealers told me that from 75 to 80 per cent of all the canned mushrooms imported are used by Chinamen. There are about 900 Chinese chop-suey restaurants in Chicago alone, and about 800 in New York City. They take mushrooms like these [indicating] and cut them up in little slices and lay them across the top of the dish for decorating purposes and serve them to their customers. They prefer the imported mushrooms because they are bleached white and they retain that white color. We know of no means in this country within the law by which we can bleach mushrooms white as marble and have them retain that color without using chemicals, which we could readily do. But the pure-food authorities will not permit us to do that. They are at liberty to come and inspect our plants at any time, but they are not at liberty to inspect the plants in the foreign places where the mushrooms are canned for importation to this country.

So that we, as growers and canners, consider that we have an unfair competition there. We are against the bleached foreign mushrooms when we are not permitted to bleach our own mushrooms. They retain the natural color, which is a cream color, and the natural flavor, and they are just as good as fresh mushrooms——

Senator La Follette. Do you know what chemical is used in the bleaching process?

Mr. Jacobs. Sulphur fumes. That can be used in such a way as to whiten the surface, and there are traces of the sulphur used. When you open a can of fresh mushrooms you can often detect the odor of sulphur, although you can not detect the sulphur itself in the mushrooms. We would not be permitted to do that, and I would not encourage it because it is not necessary. The natural flavor and color are far more desirable. The Chinamen come from across the Pacific and land in our country and go across the Atlantic to get these bleached mushrooms, and come back and feed the American people, who would much prefer to have fresh mushrooms or home-canned mushrooms. I never eat the French mushrooms because I consider that they are flavorless. Any mushroom grower does. I am acquainted with pretty nearly all the mushroom growers, and I know that if the demand in this country warranted growing double the supply of mushrooms in this country they could almost do it in a year; and, as Mr. Hupfel says, thay are going into the mushroom business in every State in the Union that will grow them.

From a canner's standpoint we would like to see the duty increased to 40 per cent. We have never had a duty in this country that would permit us to can mushrooms and sell them on the market. I think it is a shame that we never have.

Under the McKinley law we had a duty of 25 per cent ad valorem. They might as well have been free, because they could put mushrooms into the hotels in this country at one-half our cost of production.

I started in the canning industry and got a lot of mushroom growers ıterested 10 years ago, but the foreign growers put us out of business ght away. We lost everything we put into it, just because their ıbor and other conditions are more suitable to producing mushrooms ıeaply over there. We have very expensive buildings to put up and ɛpensive coal and the disadvantage of the freight rates that we have. used to pay 70 cents a ton for freight. Now I pay $1.40. I used ı pay 16⅔ cents an hour for the best Italian labor, and now I pay ; cents.

If you will give us what we request we will produce mushrooms in ro or three times the quantity, and the benefit all goes to the merican farmer. The growers themselves will can them and sell ıem without any profit if they have to, just to get the trade and get ıe business and grow more mushrooms. I think that is all.

STATEMENT OF GEORGE O'HARA, PRESIDENT OF THE ASSOCIATED IMPORTERS OF FOOD PRODUCTS.

Mr. O'Hara. Mr. Chairman and gentlemen, my name is George Hara. I am president of the Associated Importers of Food Prodts, with headquarters in New York, although our association is a tional one, having members in Boston, Chicago, Philadelphia, and her cities.

Referring to the proposed tariff of 33⅓ per cent ad valorem on ıshrooms, House bill 7456, paragraph 766, page 106. Our assoıtion is of the opinion that this high rate is proposed in conquence of the erroneous testimony of various fresh-mushroom owers before the Ways and Means Committee at the recent hearzs. not only as to the reasons why they have been unsuccessful in ırketing their product in tins, but also as to why the French canned ıshrooms have the preference with the chefs in the hotels, and o as to the conditions, costs, etc., of the packing of the French icle.

I have here the hearings on the general tariff revision before the mmittee on Ways and Means, and on page 1760 of Mr. Jacobs's timony—I presume, the gentleman who preceded me to-day—he ntioned something similar to what he told you about the disadıtage that they are up against on account of the bleaching of the ench mushrooms.

This gentleman evidently is not aware of the conditions. It is olutely impossible, and has been ever since the pure-food law has n in existence, to import any mushrooms into the United States t are bleached with sulphate of copper. I myself am an importer l also a manufacturer of mushrooms on the other side, and I have l 30 years' experience in the business.

He said the same thing as he told the gentlemen before the Ways l Means Committee. The importers are more likely to be picked on anything of that kind than the domestic manufacturers would if we were to attempt it, because our goods come through the erent ports, and the Bureau of Chemistry have offices in every of the appraisers' stores. They have quite a staff in New York r, where most of these mushrooms come in.

Senator Dillingham. Is that true down to the time that our pure-d law was adopted?

Mr. O'HARA. Before the pure-food law there was a pinch of sul-phur put into bleached mushrooms, but we have found that it is unnecessary to bleach them. The Frenchmen have a little secret of their own which meets with the approval of the Agricultural Department here, and there is no such thing as bleaching them any more. We sell just as many without bleaching them as we used to before the pure-food law went into effect.

I am glad that Mr. Jacobs is still in the room, as I want to say here now that his statement is absolutely unfounded. I do not think he makes the statement maliciously, but he evidently is not posted. The Bureau of Chemistry takes samples out of the different shipments, and they know if there is such a thing going on. If there were, we would have to reexport the goods. There is nothing of the kind taking place. The domestic manufacturer might "get away with it," to use a slang expression, because there is nothing to stop him except that he might be picked up in interstate commerce.

Mr. Jacobs said something about the chefs, in his statement before the Ways and Means Committee, preferring these canned mushrooms. The truth is that there is business for fresh mushrooms and business for canned mushrooms. Those who prefer the canned mushrooms prefer them because of the economy. They can open up a tin of mushrooms, if some one drives up to the hotel and asks for steak and mushrooms, and there is no waste. If they were to buy several baskets of fresh mushrooms and did not use them there would be a loss. There are some road houses who make a specialty of chicken and mushrooms, and those places would probably prefer the fresh mushrooms, because they would use a great many of them.

I have talked with hotel chefs, and I find that some prefer the fresh mushrooms, and some prefer the canned because of the economy.

In the argument of Mr. Gross before the Ways and Means Committee, page 176 of these hearings, he spoke of the cost and compared the cost of labor in the United States as against what the French p... In the meantime I wrote over to the other side and received comp... information.

It is true that the American labor is higher. Mr. Gross said ... the Americans pay from \$4 to \$5 a day, and in his testimony he ... that the French labor received from 60 to 75 cents a day.

The actual price that the French laborers are paid is 2½ francs ... hour, say, 20 cents on exchange of eight. That is normal, or, ... it is about what the exchange has been for some little time ... That is \$2 a day of 10 hours. The chief workman, who has to ... something about the qualities of mushrooms, etc., receives ... francs per week, or \$20 per week.

Another one of the arguments used with reference to mushr... was the question of labor and the question of manure and the que... of coal. As far as coal is concerned, you heard Mr. Jacobs say ... they had a high price to pay for coal. What do you imagine ... price of coal must be in France? It has been considerably hi... sometimes four and five times as high as we have to pay for ... which is sent into Pennsylvania, Mr. Jacobs's own State, right ... near-by mines. In France it is a question of receiving it princi... from England. The coal there is considerably higher than ours.

Mr. Jacobs or Mr. Gross testified—or, I believe, it was a Mr. E... either one of those three gentlemen who spoke on mushrooms—...

merican manure was $2.80 a ton, and that the freight was $3.50, aking a total of $6.30 delivered at their factories.

They went on to say that in France, in the cities of Paris and ordeaux, there are caves that have been quarried out for centuries, id that those caves are used for the production of mushrooms. iat is absolutely a myth. There is no such thing. In the catambs of France never have mushrooms been raised.

They went on to say, further, that in regard to this manure it was livered to the factories in France by simply pushing up a chute in e street and dumping the manure down into the catacombs and ves in the streets of Paris and Bordeaux.

I am telling you what is in these hearings. The fact is that that is solutely not the case. I have been there many times myself and know the situation. The mushrooms in Bordeaux are carted in igons and come by freight. In Paris there are some quarries outle the city where mushrooms are raised, but the people who own ose quarries exact the payment of a rental; so that there is nothing e about it.

In the testimony of one of these gentlemen it was said that their st of mushrooms was 44 cents a pound, whereas in France, they id. they were raised for 15 cents a pound.

They are not right in that figure. I do not want to make any sstatement, so I have had the information from the other side. ie information is that there are different grades of mushrooms. iat is why these prices vary. They cost there from 5 to 9 francs, the rate of exchange of 8—40 to 75 cents. So we have mushoms at practically the same figures as they have on the other side. e have cheaper labor over there. They pay a little bit more for eir manure. Their price delivered would be $6.30. Our price livered over there is $10.28. This manure has to be taken out the big cities of France, such as Paris and Bordeaux, just as it is ien out of the big cities of Philadelphia or New York. Our labor about half; our manure cost is more. The original cost is about same, but we are handicapped because we have the freight, when comes from the Tours section of France, down to the seaport, and have the freight from Bordeaux and Havre to New York City. at is the principal port. These gentlemen have been getting a e of 33⅓ per cent. We have always had a specific rate on mushims, and I was glad to hear Mr. Hupfel say that he would be isfied, because I am hoping that you gentlemen will give us a cific rate, even though we are willing that it shall be higher than s at present.

It present mushrooms pay 2½ cents a pound duty under the derwood bill, and it has been the same under the Payne-Aldrich l, but that 2½ cents a pound duty is not only on the weight of the shrooms, but on the weight of the tin and the immersing fluid l the container, and as 100 of these tins weigh about 114 pounds, duty per case has been $2.85. As each tin contains 8 ounces of ined mushrooms, this amounts to about 5.7 cents per pound on drained mushrooms.

They claim that they were not imported during the war. They come over all through the war. These gentlemen made a mistement. Probably they did not know it, but we imported mushims continuously during the war. There was no difficulty in nging them in.

Our association is particularly desirous that mushrooms shall b continued at a specific rate of duty, as we know that it would be very difficult matter to appraise the values if this article were asses at ad valorem rates. Our association has had experience w sardines, since this latter article was placed on the ad valorem list, b being continuously before the board of appraisers, settling disput about values—a lengthy and costly proceeding. As most pack of mushrooms have their own ideas of grading, we can see noth but trouble ahead for our members, the examiners, and for t appraisers at the different ports, as no two grades would be al Hence we recommend that a specific tariff of 4 cents per poun including the weight of the contents and the container, be appli This would mean a duty of $4.56 per case of 100 half-kilo tins, wh is the size of the package ordinarily imported from Farnce; and a the present tariff of 2½ cents per pound figures $2.85 per case. increase in duty we propose amounts to 60 per cent advance over t present as well as over the Payne-Aldrich tariff.

It is our honest opinion that 4 cents per pound on the weigh the mushrooms, the immersing fluid and the cans themselves— equivalent of 9.1 cent per pound on the drained mushrooms—is t maximum that these goods can stand, and that any higher r would so curtail the importation that the object sought, to prov revenue, would be lost.

Furthermore, while there is a domestic industry in fresh mu rooms that requires a certain amount of protection, we can furn an abundance of evidence to the effect that the experiment of pa ing domestic canned mushrooms during the war, made on a sm scale, was very unsatisfactory, and buyers who purchased a sam shipment declare they will not continue handling these dome canned mushrooms on account of the poor quality, and not cost.

The houses that gave me that information are the very hou whose names were used by the gentlemen in their arguments be the Ways and Means Committee.

I thank you for the attention you have given me, and I hav letter here which I would like to submit if it is agreeable to yo

Senator McCUMBER. It will be made a part of your testim and printed as such.

(The letter referred to is as follows:)

AUGUST 30,

In the matter of sardines, our association respectfully requests that the assessed at specific rates, similar to the method followed in the Dingley and Aldrich bills. The tariff obtained from this method would be approximat same as would be obtained by the proposed 26 per cent duty in House bill

The object in asking for the so-called Dingley rates is to avoid continual tion before the United States Board of Appraisers concerning the correct v sardines.

Members of our association and the association itself are frequently in li before the United States Board of Appraisers, and it is safe to say that in jority of cases importers of sardines have been paying duty on a higher va than was justified in order to escape being penalized for undervaluation.

Respectfully submitted.

ASSOCIATED IMPORTERS OF FOOD PROD
GEORGE O'HARA, *President.*

(Permission was previously granted by the chairman to file the llowing as a part of the witness's testimony:)

PARIS, JUNE 20.

NISTRY OF COMMERCE, *Paris*.

SIR: The United States Government is at present studying a general reform of eir customs tariff and the American suppliers are taking drastic steps with the blic authorities with respect to commodities in which every party is interested, order to increase the customs duty in such a proportion that the importation of oducts of foreign origin be impossible.

We thus learn that growers of North American mushrooms are suggesting that the esent duty of 2½ cents per pound on preserved mushrooms be increased to 50 cents.

But the growers acknowledge that cost of production for cultivated mushrooms the States is about 44 cents per pound, i. e., that duty on same would be superior the cost price of the American mushroom.

If it is taken into consideration that French mushrooms are always exported to the ates as tinned goods, duty on which is calculated on the gross weight (1 pound containing only 230 grams net of mushrooms) one can realize that American ppliers wish a duty equivalent to more than double the cost price of the American oduct, to be applied on our preserved mushrooms.

In order to justify a protective exorbitant duty, American growers first mention gienic reasons and furthermore pretend that the production of mushrooms we are porting cost very little indeed.

Purposely mistaking dry mushrooms with tinned mushrooms, they pretend that nong the latter wild mushrooms can be found, these being picked by people who are able to distinguish the right kind, and often they are found to be poisonous.

They further state that our mushrooms are bleached with chemicals, the use of which prohibited in the States.

But the tinned mushrooms which have for many years been exported from France the States in large quantities are entirely cultivated mushrooms.

They being grown in quarries, they are well known and entirely free of injurious fects.

On arrival in the States, our preserves have to be tested by chemists at the Bureau of griculture, and if they are not in accordance with American regulations, their adission into the States is immediately prohibited.

In order to prove that tinned mushrooms are really cheap, American growers pretend e renting charge for disused quarries where they are cultivated is almost insignifint, and that Parisian catacombs are specially used, as manure can be thrown through imneys without expense, the workmen on the mushroom beds only getting 6 cents r hour, viz, 72 centimes in French money.

But the growing of mushrooms being an important agricultural industry, the old aster quarries convenient for the above-mentioned purpose are hired at very high ices, which vary between 0.75 franc and 1 franc per square meter in the Parisian gion.

In the Paris catacombs no mushrooms have as yet been grown nor manure been rown.

Horse manure, which is very hard to get, costs at present about 25 to 30 francs per n, in railroad station, and the cost of carriage is 9.85 francs per 100 kilos.

The workmen on mushroom beds are paid 2 francs and 2.50 francs per hour, chief orkmen getting from 230 francs to 250 francs per week.

Cultivated mushrooms are sent to the States in white tins weighing gross O. K. 500, e., a little more than the English pound, the price of which varying between 2.50 ancs and 4.50 francs, according to quality.

But these tins contain 230 grams of mushrooms, i. e., the English pound of French ushrooms is sold in France from 5 to 9 francs, namely, 41 to 75 cents, at the rate of francs to the dollar.

If carriage charges are added, plus cost of duty, 2½ cents per pound gross, viz, 5 cents r pound of mushrooms net and incidentals, French mushrooms in the States become ore expensive than American mushrooms.

The American growers are therefore trying to stop the importation of the foreign ticle so as to realize big profits prejudicial to the American population.

The culture of mushroom beds is a French industry of importance and the preservaon of same occupies on a big scale the factories in Paris, Bordeaux, La Touraine; it estimated that two-thirds of mushrooms preserved in France are sent to the States.

Summing up, the application of a prohibitive duty by the North American Government on our mushrooms would be very detrimental to agriculture and French industry, and we sincerely trust that the needful will be done so that our embassy and commercial attaché in Washington be without delay in possession of all necessary documents with a view to enable them to reveal the exact situation to the American public authorities and thus avoid the previous mentioned exorbitant duty. We are, sir,

Your very obedient servant,

CHAMBRE SYNDICALE DES FABRICANTS DE CONSERVES ALIMENTAIRES.

ONIONS.

[Paragraph 768.]

STATEMENT OF J. B. STAMBAUGH, REPRESENTING THE NATIONAL ONION ASSOCIATION.

Mr. STAMBAUGH. My name is J. B. Stambaugh. I represent the National Onion Association, and I will take but very little of your time.

One thing we contend is that the present tariff rate is not equal to the difference of cost of producing in foreign countries and the cost of transportation to this country to our Atlantic seaport towns. I want to draw your attention to the fact that the United States can grow all the onions and is now growing more than are consumed in the United States, so we don't need any protection. Further, I want to call your attention to the fact that it is almost entirely a labor proposition. From the time we produce the seed, and we do produce our own seed, it is a labor proposition. I am an onion grower myself, by the way, gentlemen. We produce our own seed and sow these seeds largely by hand. Those rows are planted from 1 to 3 or 4 inches apart, making it necessary to cultivate by hand. The weeding is done by hand, the pulling is done by hand, and the topping is done by hand, although there are machines that will top onions.

Senator SMOOT. Do you think you ought to have more than cents a hundred?

Mr. STAMBAUGH. Yes.

Senator SMOOT. What do you think you ought to have?

Mr. STAMBAUGH. We would like to have $1.50.

Senator SMOOT. What are you asking for? Not what you would like to have, but what do you want?

Mr. STAMBAUGH. A dollar and a half would give us but very little advantage. Seventy-five cents would give Europe 61 cents per hundred advantage over America.

Senator MCCUMBER. Do you raise more in the United States than are used in the United States?

Mr. STAMBAUGH. Yes, sir.

Senator MCCUMBER. Therefore, we are exporting large quantities.

Mr. STAMBAUGH. Yes, sir; we export to Porto Rico and Cuba and South America and Canada. Canada is not a large onion-producing country. I ship a good many to Canada, although the exchange has been against us the last couple of years.

Senator MCCUMBER. Where are our importations mainly from?

Mr. STAMBAUGH. Our importations are mainly from Spain, Egypt, the Bermuda Islands, Canary Islands, and Australia. Continental Europe ships some, but Spain produces about 2,000,000 barrels for export, and Egypt produces large quantities for export.

Senator SMOOT. Do you sell your onions that you export for more r less money than you sell in this country?

Mr. STAMBAUGH. We don't sell those direct. While I am a shipper, never sold any to a foreign country, only to Canada.

Senator McCUMBER. Where do you raise your onions?

Mr. STAMBAUGH. We raise in Ohio. Would it be of interest to ou to know where those onions are grown in the United States?

Senator McCUMBER. We know, generally.

Mr. STAMBAUGH. It will only take a little bit

Senator SMOOT. You are not interested in garlic, 2 cents a pound?

Mr. STAMBAUGH. We feel as though we should have as much proection as the garlic grower. We have felt that for years. When ou speak of onions you always create a laugh, and we have always een the fellow that laughed. It is really the Egyptian and European nion grower that had the laugh.

Senator LA FOLLETTE. Do you produce in this country the same rt of onion you get from Bermuda?

Mr. STAMBAUGH. We grow the Texas-Bermuda onion, and we grow nions of that kind in Louisiana and Florida. Those are southernown onions.

Senator LA FOLLETTE. Does it command the same price on the arket as the Bermuda onion?

Mr. STAMBAUGH. It is grown from the same seed.

Senator LA FOLLETTE. Does it command the same price? Is it the same quality?

Mr. STAMBAUGH. It is owing to the soil and climatic conditions. gypt has been able to import a larger Bermuda onion than Texas Louisiana or Florida have been able to produce, but they are om the same seed. The Spanish onions are very much like those the Pacific slope. Take California for illustration, Idaho, Utah, regon, and Washington. They grow a type out there that is really rger than any we can grow.

Senator McCUMBER. They are very mild.

Mr. STAMBAUGH. Yes, sir. Spain grows one that is tougher in xture than the American onion. They are put on our market and nsumed.

Senator McCUMBER. Will you explain why, if we are exporting ge quantities, a tariff would be any good to us.

Mr. STAMBAUGH. I am glad you asked that question. In 1916 we d a failure in the United States in onions, and they went very gh. It is during those years that we produce at a loss that we ed protection. We don't want you to put that on to give us an vantage over European countries to any extent, but when we oduce onions at a loss, as we did last year, that is when we need otection. And right here, while that is not in line with my talk, produced 140 cars of onions last year, and I lost on every car.

Senator SMOOT. How many did you dump?

Mr. STAMBAUGH. I did worse than that. I shipped my surplus o cold storage and they didn't pay freight, transportation, and rage charges.

Senator SMOOT. That often happens to fruit dealers.

Mr. STAMBAUGH. So I did worse. Most of the people had more se than I had and dumped theirs.

Senator Smoot. Let them rot?

Mr. Stambaugh. Let them rot at home.

Senator McCumber. Did you export any last year?

Mr. Stambaugh. Oh, yes; we gave them away.

Senator Dillingham. Was there no sale for onions last year?

Mr. Stambaugh. Yes.

Senator Dillingham. What was the matter?

Mr. Stambaugh. There were too many of them.

Senator La Follette. How were your prices last year as compared with the year before?

Mr. Stambaugh. I bought a lot at 40 cents a hundred. I shipped 300 cars and made about $8 per car net profit on them. So there were no excess profits. I bought them at 80 cents a hundred that cost $1.40 to produce.

Senator Smoot. Did you sell at 40 cents per hundred?

Mr. Stambaugh. No; I sold at 60 cents in a 14-cent bag. I furnished the bag and paid 40 cents for the onions.

Senator Smoot. Those were the onions we paid 20 cents apiece for?

Mr. Stambaugh. I suppose so. You are getting my talk very much confused. You may argue what the increase would cost the consumer. In Cleveland last fall I asked the price of onions and they said 8 cents. I went home and quoted them at 1½.

Have I answered your question to your satisfaction, why we import onions when we are asking for a tariff?

Senator McCumber. Did we export onions last year?

Mr. Stambaugh. No, sir.

Senator McCumber. And it is those years when there is a deficit that you need protection?

Mr. Stambaugh. Yes.

Senator McCumber. And you must have protection in those years in order to even up your losses in other years?

Mr. Stambaugh. Yes. I don't think we need any protection this year. This has been an excessively hot summer. We have raised heavy onion crops during dry seasons, but we don't raise heavy onion crops during dry seasons and hot seasons. Consequently, the United States this year harvested one of the biggest crops of onions they have harvested for years, since we have had a record. They would naturally sell higher, unless conditions are too much against us.

Senator McCumber. And if last year we paid 20 cents apiece for them we will probably pay 40 this year?

Mr. Stambaugh. It has been my experience from what information I could gain that there never is very much difference in the retail price of onions. We have lost money on them, and we would walk up to a stand and ask the price of onions, and they would tell you [illegible] cents, and we were getting them at 40 cents a hundred and shipping them all over the United States, and onions generally were about [illegible] cents per pound retail. They did seem to get down to a 6-cent basis.

Senator Smoot. I never heard of it.

Senator McCumber. They did not in this city.

Mr. Stambaugh. I presume not. To-day onions in our section are bringing 3 cents a pound, but there is a wonderful shortage. In our section in Hardin County we raised 3,700 cars, and I estimate this year about 1,200. Last year there were about 37,000 cars.

he United States, and I estimate this year about 18,000. If every ear was like that, I would not be here; but that is not the case.

Senator JONES. May I ask you a question? The chairman suggested a while ago that you want this tariff in the years when you ad a light crop?

Mr. STAMBAUGH. No; when we have a heavy crop.

Senator JONES. I think that is where you did not understand the hairman.

Mr. STAMBAUGH. Possibly not.

Senator JONES. I think the chairman suggested that you did want he tariff when you had a short crop, so that you could raise your price nd get what you call a fair return for your onions in that kind of a ear, but when you have a large crop and are able to export onions, ou were not needing a tariff. That, I understood, to be the position f the chairman.

Mr. STAMBAUGH. Yes. Pardon me. I didn't understand him.

Senator JONES. I understood you to say that in this year when ou had a short crop you would need a tariff. Is that right?

Mr. STAMBAUGH. No. Well, yes; I mean that. We have such a ort crop in the United States that by taking into consideration e rights of the consumer, those onions from Europe coming over, would be absolutely selfish for us to ask a tariff that would bar ose people from shipping them in when they are needed. But last ear, a year like last year, I never paid over a cent and a quarter a ound, and conditions got worse and worse until we finally bought em for 40 cents a hundred. That is the year they increased their roduct 1,032,000 bushels, when us fellows were going bankrupt. ad we had proper protection, we possibly could have delivered all of e production of the United States to the consumer; but as it was we ssibly dumped 2,000,000 bushels, and they imported 1,700,000 ishels.

Senator McCUMBER. I confess I do not understand your philosophy. ou say you do not need any protection when you have a short crop, id when you have a better crop and you are exporting it will not you any good.

Mr. STAMBAUGH. Yes; it does do good.

Senator McCUMBER. What time is it you are going to need pro-tion?

Mr. STAMBAUGH. I guess we don't understand each other.

Senator LA FOLLETTE. The protection gives them that market.

Senator McCUMBER. If they are exporting, our price is fixed by port demands.

Senator LA FOLLETTE. They export their surplus.

Mr. STAMBAUGH. The United States will consume just about 25,000 rs per year. If we produce 18,000 cars per year, we need some of ose onions. The tariff should not be so high but what we can ing them in. But, for illustration, last year we grew 32,000 cars onions to feed a population that needed 25,000 cars, and we had at surplus, and yet Europe came in and divided the trade with us.

Senator McCUMBER. If we have to sell abroad and do sell abroad, suming we get a better price by exporting than we get from the me demand, why did not the foreign trade ship to the same place shipped to instead of shipping to this country?

Mr. STAMBAUGH. I sold onions at 60 cents per hundred to go through New York City for export. I could reach that market in Cuba and South America with the onions that cost 60 cents per hundred plus the freight. I could not reach it had I paid $3 per hundred plus freight.

Senator SMOOT. Onions were so low last year that there were very few importations into this country.

Mr. STAMBAUGH. There were 1,770,000 bushels that came into the United States last year, according to our figures.

Senator DILLINGHAM. What is the freight from Spain to New York?

Mr. STAMBAUGH. What is the freight from Spain to New York? I thank you for that question. The freight from Spain to New York is 5 cents from the field to the vessel, and 38½ cents to New York City by water.

Senator DILLINGHAM. What is the freight from your section to New York?

Mr. STAMBAUGH. Our freight is 50½ per hundred. Spain has 12½ cents advantage of us on freight. Indiana pays about 60 cents per hundred. Idaho and Utah and that country pays over $1.

I have some figures here if you care to know something further about the cost. I want to offer this in evidence.

Senator McCUMBER. It will be printed.

Mr. STAMBAUGH. Here is a little paragraph that was gotten up by Mr. Rosenblum. I would like to offer that as evidence.

Senator McCUMBER. That will be printed. Is that about all?

Mr. STAMBAUGH. I just want to say one thing more. On the basis of 75 cents per hundred as the estimated cost of producing onions in the European countries and shipping them to seaport towns of the United States, and the estimated cost on the American western slope and in the Central States and Eastern States, the European countries will have 61 cents per hundred the advantage over the United States f. o. b. the ports at the Atlantic coast. We would like to have 1½ cents. That will give us an advantage, and it is a pretty hard proposition for us now.

BRIEF OF JOSEPH ROSENBLUM, SOUTH DEERFIELD, MASS., CHAIRMAN OF COMMITTEE OF NATIONAL ONION GROWERS' ASSOCIATION.

CHANGES RECOMMENDED.

I. This brief is submitted in connection with securing legislation under Sche[illegible] G, paragraph 208, which will protect the onion industry of the United States to [illegible] extent sufficient to equalize the difference in the cost of the production of the pro[illegible] in the United States and its cost of production in those countries from which [illegible] imported.

These briefs are a summary of the facts compiled by the various onion gro[illegible] appearing before this committee and by the various associations interested in [illegible] production and marketing of onions. The figures herein contained in so far as pos[illegible] have been taken from the Government reports and when those were not availa[illegible] from records kept by the various producers.

The present duty is 20 cents per bushel of 57 pounds. The change recomm[illegible] is a duty of 1¼ cents per pound.

The reason for the recommendation of such a change is that this amount w[illegible] fairly represent the difference between the cost of production in foreign count[illegible] and the average cost of production of onions in the United States. If such prot[illegible] is not given as will equalize those the inevitable result must be the continual in[illegible] in the volume of foreign importations and the corresponding decrease of produ[illegible] in the United States until the consumer will ultimately be at the mercy of the [illegible]

producer. To-day with the difference in the cost of production, with the rates of xchange in their unstable condition the proposition of growing onions in Spain and Egypt for the American market is attractive and is interesting capital, both here and ibroad. This country's producers are this year taking a loss of about 50 per cent of he actual outlay in the cost of production and are not going to continue to raise a roduct which they know will not return them the actual money invested. The lestruction of the onion industry in the United States besides rendering this country ntirely at the mercy of the foreign producers would cause a tremendous financial oss to hundreds of various farming communities in various sections of the country vhere the onion crop is the principal source of income of the farmers and its storing, narketing, and handling constitute practically the sole business of the community. 'he only way in which this can be averted is by legislation increasing the duty on hese imports.

DEVELOPMENT OF INDUSTRY.

II. The onion industry as shown in Title No. 1 affects 17 States directly in the natter of production and of course in the business of storing, distributing, and marketng effects many more. It is an industry where the capital invested in farms, storeouses, equipment, etc., equal approximately $55,507,500. It is an industry which onstitutes the principal means of livelihood of about 100,000 people directly and nany more indirectly. It is an industry which furnishes from 30,000 to 40,000 carads of shipping each year. Its development in the United States from the period om 1900 to 1920 is from 12,313 carloads to 37,051 carloads. In the Connecticut 'alley from the same period its growth was from 1,000 carloads to 3,600 carloads. n Texas from 20 carloads to 6,000 carloads. In California from 500 carloads to 7,033 arloads.

It is an industry in which the average yearly production more than equals the verage consumption.

III. In Title Nos. 1 and 2 are found the average production in the United States nce 1914. In Title 3 are found the average cost of production for the various proucing localities. These costs of production are obtained from taking from the inividual growers their figures of actual expenditures in producing the crop in the arious localities and averaging those figures. The information as to these freight ites was obtained direct from the carriers. The information as to the cost of storing nions as set forth in Title 5 was obtained from the owners of the storage warehouses nd from the producers.

The information as to the cost of production of the foreign product as shown in itle 8 was obtained from those people producing onions in those countries and the iipping rates quoted on the same title were obtained from the steamship companies.

No. 1.—*Annual estimate of crops of onions August 1, 1914–1920, by States.*

States.	1914	1915	1916	1917	1918	1919	1920
	Cars.	*Cars.*	*Cars.*	*Cars.*	*Cars.*	*Cars.*	*Cars.*
lifornia	6,500	5,100	3,333	9,000	7,000	5,250	5,033
lorado	400	400	700	400	400	400	1,100
ah	75	75	75	75	100	75	70
ashington	150	150	175	200	200	300	750
egon	400	400	610	300	370	300	350
aho						50	250
nnesota	400	400	375	700	1,200	500	750
sconsin	200	200	400	600	900	500	1,000
liana	4,000	2,000	2,830	1,560	2,500	1,200	2,660
nois				100	250	400	750
io	7,500	1,100	3,425	3,262	5,337	2,515	3,403
nnsylvania	100	100	100	150	250	100	150
w York	10,000	9,070	4,410	7,255	10,000	5,255	6,460
w Jersey	400	600	800	200	600	400	250
ssachusetts	3,600	3,000	3,500	3,000	4,000	3,000	3,200
va	300	260	300	500	1,000	450	750
chigan	400	400	400	500	1,000	350	1,000
Total	34,425	23,255	21,433	28,102	35,107	21,045	27,926

No. 2.—*Spring and summer crops annually.*

States.	1914	1915	1916	1917	1918	1919	192[illegible]
	Cars.	*Cars.*	*Cars.*	*Cars.*	*Cars.*	*Cars.*	*Car[illegible]*
Forward	34,475	23,255	21,433	28,102	35,107	21,045	[illegible]
California	600	750	1,200	1,000	1,100	1,250	[illegible]
Texas	6,500	5,260	6,100	5,200	5,000	3,500	[illegible]
Virginia	200	200	250	200	300	275	[illegible]
West Virginia	75	100	150	100	150	160	[illegible]
Louisiana	175	300	400	600	400	175	[illegible]
Kentucky	400	350	450	400	500	400	[illegible]
Total	42,375	30,215	29,983	35,602	42,557	26,805	[illegible]

Total cars in United States annually.

1914	42,375	1918	42,[illegible]
1915	30,215	1919	26,[illegible]
1916	29,983	1920	37,[illegible]
1917	35,602		

Average production the past seven years, 34,941 cars per year, 17,470,500 bushe[illegible]
Average consumption the past seven years is approximately 25,000 to 28,17[illegible] per year, 14,085,500 bushels.

No. 3.—*Cost per 100 pounds onions to produce and deliver to Atlantic seaboard poi[illegible] with no margin of profit to grower, shipper, or receiver.*

[These figures do not cover onions placed in storage for fall, winter, and spring supply. No. 5 [illegible] these additional costs.]

States.	Cost.	Freight rates per hundred.	Haul (miles).	Cost delivere[illegible]
California	$1.30	$1.65	3,000	$2.[illegible]
Texas	2.50	1.65	2,400	4.[illegible]
Minnesota, Wisconsin, Illinois, Ohio, Indiana	1.40	.60	700-1,000	2.[illegible]
New York, Massachusetts, East	1.74	.30	175-250	2.[illegible]
Total				11.[illegible]
Average cost in United States delivered Atlantic seaboard points				2.[illegible]

No. 4.—*Comparison of figures—Cost per 100 pounds onions to produce and de[illegible] to Atlantic seaboard points with fair and minimum profits to grower, shipp[illegible] receiver.*

[These do not cover onions placed in storage for fall, winter, and spring supply. No. 5 cove[illegible] additional costs.]

State.	Cost.	Grower, 25 per cent.	Shipper.	Receiver.	Freight per hundred-weight.	Haul (miles).	[illegible]
California and slope	$1.30	$0.32	$0.15	$0.20	$1.65	3,000	[illegible]
Texas	2.50	.625	.15	.20	1.65	2,400	[illegible]
Indiana, Ohio, Michigan, Wisconsin, Minnesota	1.40	.35	.15	.20	.60	700-1,000	[illegible]
New York, Massachusetts, and east	1.74	.435	.15	.20	.30	175-250	[illegible]
Total							[illegible]
Average cost in United States delivered Atlantic seaboard points							[illegible]

No. 5.—*Storage onions—Additional cost on onions held for fall, winter, and spring supply, because onions must be distributed throughout these seasons.*

	Per cwt.
Storage rentals per 100 pounds, season	$0.50
Shrinkage average 12 to 15 per cent (about 15 to 25 cents)	.20
Insurance per 100 pounds	.01
Interest 6 months, 6 per cent	.05
Total, which should be added to cost of production	.76

No profit figured in these items, nor should there be, as the profit or loss is purely peculation. These items are actual cost.

No. 6.—*American product—Average cost 100 pounds onions delivered Atlantic seaboard points.*

Without profit:		With profit:	
Cost	$2.87½	Cost	$3.74
Storage costs	.76	Storage costs	.76
Actual cost	3.63½	Total	4.50

IV. The sources of imports and the volume thereof as shown in Table 7 are figures aken from United States Government reports and by figures kept by individuals rior to the institution of such reports by the Government.

No. 7.—*Importations of onions.*

Year.	Quantity	Increase.	Decrease.
	Bushels.	*Bushels.*	*Bushels.*
914	940,921		
915	754,589		186,332
916	1,257,803	503,214	
917	1,934,974	677,171	
918 [1]	261,029		1,673,945
919	740,686	479,657	
920 [2]	1,772,868	1,032,182	

[1] 1918, falling off due to our entering World War and shortage steamship space.
[2] 1920, only covers period of 11 months to Nov. 30, 1920.

These figures are extracted from figures prepared by Foreign Market Service. Bureau of Markets. The largest amount of imports come from the following countries: Egypt, Spain, United Kingdom, Bermuda, Mexico. Australia, Canary Islands.

No. 8.—*Foreign product—Approximate cost per 100 pounds onions delivered to Atlantic seaboard points.*

Country.	Cost of growing.	Container.	Cartage.	Duty 20 cents per bushel of 57 pounds.	Freight.	Cost delivered.
Egypt [1]	$0.65	[2] $0.06	$0.05	$0.35	$0.60	$1.71
Spain [3]	.85	[4] .15	.05	.35	.60	2.00
Total						3.71
Average cost delivered Atlantic seaboard points						1.855

[1] Freight rate Egypt to New York, 4,000 miles haul, compared with same distance in United States.
[2] Bag.
[3] Freight rate Spain to New York, 3,500 miles haul, compared with same distance in United States.
[4] Crate.

About same condition prevails in other foreign countries with the exception of Bermuda, where cost is greater.

No. 9.—*Foreign product—Approximate cost per 100 pounds onions, including pro*[illegible] *to all sources, delivered at Atlantic seaboard points.*

Country.	Cost of growing.	Container.	Cartage, etc.	Duty 20 cents per bushel of 57 pounds.	Freight.	Profit.	Cost [illegible] livered.
Egypt	$0.65	[1] $0.06	$0.05	$0.35	$0.60	$0.44	[illegible]
Spain	.85	[2] .15	.05	.35	.60	.51	[illegible]
Total							[illegible]
Average cost delivered Atlantic seaboard points including profits							[illegible]

[1] Bag. [2] Crate.

Profits figured as follows: Grower's profit, 25 per cent of cost; commissione[illegible] cents per hundredweight; importer, 15 cents per hundredweight.

No. 10.—*Foreign product—Approximate cost per 100 pounds onions delivered* [illegible] *Atlantic seaboard points.*

Without profits:		With profits:	
Spain	$2.00	Spain	[illegible]
Egypt	1.71	Egypt	[illegible]
Total	3.71	Total	[illegible]
Average cost	1.855	Average cost	[illegible]

No. 11.—*Contrast of domestic and foreign cost.*

1. Approximate cost of American product delivered at Atlantic seaboard:
   - Without profit .... [illegible]
   - With profit .... [illegible]
2. Approximate cost of foreign product delivered at Atlantic seaboard:
   - Without profit .... [illegible]
   - With profit .... [illegible]
3. Difference:
   - Without profit .... [illegible]
   - With profit .... [illegible]
4. Tariff requested 1½ cents per pound.

These figures show the actual cost to the American producer, figured over a pe[illegible] of three years, and include therein the actual storage costs, because as a part of the [illegible] of distribution about one-half of these onions have to be put into storage in orde[illegible] have them available to the consumer. In title 9 this question of profit does not ta[illegible] into account the difference in the rates of exchange between these various for[illegible] countries and the United States and which of course offer an added inducemen[illegible] the foreign producer to market his onions in the United States. So, consequ[illegible] the tariff asked for is simply the difference in the cost of production which the A[illegible] can producer can not change. He can not meet this emergency by decreasin[illegible] production, because he can not control the production abroad, which would in[illegible] as he decreased. His only remedy is to obtain a duty which shall protect him [illegible] extent of the actual cost of production against foreign competition.

CONCLUSION.

1. A return to the amount of duty imposed by the Payne-Aldrich bill would [illegible] afford sufficient protection to the onion industry at the present time because

(*a*) The cost of production in the United States has increased over 200 per c[illegible] over what it was when that bill was in effect, and the freight rates in the United St[illegible] have increased from 75 to 100 per cent in the same time, so that the duty impo[illegible] the Payne-Aldrich tariff on onions would not equalize the present difference in c[illegible] of production of that product here and abroad.

(*b*) A tariff of $1.50 per hundred pounds will not destroy competition, for when [illegible] market in the United States reaches our cost of production the importer can [illegible]

ffford to compete in the market with us. Such a tariff will really protect the American roducer in times of overproduction.

(c) A duty of 1½ cents per pound will prevent the development of the present onion ıdustry in Spain and Egypt by American capital, and under the present duty there every inducement to American capital to invest in the development of that industry.

(d) A duty of 1½ cents per pound would not absolutely prohibit importation and ı case the market in this country was higher than the cost of production here, its ffect would be no different from that of the Payne-Aldrich duty in 1912, when the nports from Egypt were larger than ever.

2. Our figures submitted in connection with the volume of imports under Title o. 7 are compiled on the basis of the calendar year and not the fiscal year. The eason that they do not show a steady increase during the period from 1914 to 1920 nder the low tariff rate is because from 1914 to 1918 the World War prevented the mareting of Egyptian onions in the United States and materially affected both the proucing and shipping in other onion-growing countries. The work of reorganizing and eveloping began again this present season, and its effect is being felt in our markets)-day in an importation greater than ever before.

3. We are submitting herewith sample cost of production sheets from the various tates in which the American product is grown, and on those sheets are found the aily wage paid in that locality for farm labor.

Average daily wage paid labor in the United States, $3.25 to $3.50.

Average daily wage paid in Spain for same work, 43 to 58 cents.

The daily wage paid in Egypt we are unable to ascertain exactly, but know that it ı less than that paid in Spain.

ADDITIONAL STATEMENT OF J. B. STAMBAUGH, REPRESENTING THE NATIONAL ONION ASSOCIATION.

Mr. STAMBAUGH. I was sent here originally by the National Onion Association. They have requested that I should come back here to show what the work of the emergency tariff bill has been in the last year since it was passed. I have here a few telegrams to which I should like to refer.

Senator McCUMBER. This is not covered in your previous testimony, is it?

Mr. STAMBAUGH. No; we did not have that information. I have simply two telegrams. One is from the Bureau of Markets and one from members in New York City.

I shall not take up a great deal of your time, but shall endeavor to go to the meat of this subject and show you what has taken place.

I would like to have the privilege of stating that in 1914, after the Underwood tariff bill went into effect with a duty of only 20 per cent, the importation of onions was only 1,800 cars. I want now to show you what has taken place during the time since the tariff bill has been passed and to show that the emergency tariff bill carries with it the same protection that the House bill does—75 cents per hundred.

We sent a wire to the Bureau of Markets. For some reason or other the Bureau of Markets has not compiled its reports up to date. They gave us the amount of onions that have been imported from the 1st day of July until the last day of October. I have a telegram here. We wired to Thurman-Page, of New York City, to give us the amount of onions that had been imported from July 1 to date. These are the chief telegrams I wish to treat with.

The total imports of onions from July to October, inclusive, were 725,642 packages. That would figure about 1,600 cars of 500 bushels to the car.

On the 9th day of December we received a telegram from Thurman-Page, New York City, reading as follows:

Spanish correct figures, 1,173,400 packages. Holland, Italy, Hungary, approximately 35,000 packages.

Mr. Chairman, those packages carried 120 pounds. Multiplying the number of packages by 120 pounds gives 2,900 cars of onions of 500 bushels each which have been imported into the United States during the period July 1 to December 9.

You will readily see that in 1914 our total imports were eighteen hundred and some odd cars as against 2,900 cars up to the 9th day of December. I want to impress upon your minds that we are just in the midst of the Spanish importation of onions. That will last for 100 days yet. In fact, I was down in New York City several years ago during the month of April and they were still coming in. In this report there are less than 100 packages of Egyptian onions. That shipment does not commence until February. I think that is true of the Canary Islands and Bermuda onions, so that you can see all these onions are yet coming. But from our experience in former years it looks as if we were going to have five or six thousand cars of foreign onions shipped into the United States.

In order to show the immensity of it, let me call your attention to the report of the national association as of December 1, which shows that there are 4,921 cars of onions in dry storage and 700 cars in cold storage, or approximately 4,600 cars of onions in the United States.

When you figure from July 1 to December 9, you find that there have been 2,900 cars of foreign onions that have come in here with no let up.

I wish to read this telegram to you:

Up to date considerable goods afloat to come forward.

Of course, there is no one who can look into the future and tell how many onions are going to be imported, but I do not think it possible to get away with less than 5,000 cars of onions into our markets.

Senator McCumber. That would be how many bushels?

Mr. Stambaugh. Five hundred bushels to the car, Senator. We figure that number to the car. If we have a telegram asking us for a car of onions and the amount is not specified, we load 500 bushels.

I am frank to say, gentlemen, that the National Onion Association is alarmed. You may think that this bill should be drawn on the basis of the Payne-Aldrich bill, but when the Payne-Aldrich bill was in vogue, the industry in Spain was not developed as it is to-day. I am speaking of Spain because it is the nation that is alarming us. These other nations are not alarming us. To show that that country was not developed at that time, let me say that all importations were only 1,800 cars into this country under a 20 per cent tariff. What developed that country's importations more than the tariff was the World War. When that came on we were getting a good market for the onions. We could not get bottoms, as you know, and it was an opportune time for Spain. It did greatly develop the onion business in Spain, that was unheard of at that time. We have got to take care of that condition now, or, rather, you have got to take care of us.

Senator McLean. What rate do you want?

Mr. Stambaugh. I thank you for that question. I should have stated that at first. I meant to do so. When I was here before the association told me to try to get $1.50 per hundred, or 1.50 cents

er pound. We realize, as an association, that possibly if you wanted) help us it would not be in your power to help to that extent, so ley instructed me to plead with you to give us 1 cent per pound.

Senator McCumber. How many pounds are there to the bushel?

Mr. Stambaugh. That is a question that would be better answered this way. The United States has no standard.

Senator McCumber. Aren't there so many pounds to the bushel?

Mr. Stambaugh. It varies in the different States. The weight is ced by the State. I think, for instance, New York has 57 pounds hile Ohio has 56. Two years ago there was a lawsuit that arose rough a misunderstanding in regard to the number of pounds.

Senator McLean. The average would be about 50 cents a bushel?

Mr. Stambaugh. It would be. You see, the 100-pound package is come in and it has become a popular package.

Senator McLean. Is there any difference in the quality of the merican onion and the imported onion?

Mr. Stambaugh. That is a broad question.

Senator McLean. They claim that the Spanish onions are the best ions that we have here for consumption; is that so?

Mr. Stambaugh. I would have to answer that in this way——

Senator McLean (continuing). And that they command a little etter price.

Mr. Stambaugh. I could say either yes or no. No; they do not mmand a better price all the time. Yes; part of the time.

Senator McCumber. Has your onion the same flavor and the same veetness as the Spanish onion?

Mr. Stambaugh. The Spanish onions are so nearly like ours that e Spanish onions are taken out of Spanish packages and put in merican packages and sold as domestic onions.

Senator McCumber. That does not answer the question. At ast, it does not answer what I had in mind. What I want to know this: If you take the Spanish onion, which is a very mild, sweet ion, and plant it in the United States, will you produce as good an ion as you secure from Spain, or will it be different when raised in fferent soil and in a different climate in the United States?

Mr. Stambaugh. I am afraid you are misinformed.

Senator McCumber. Possibly I am.

Mr. Stambaugh. When you speak of that mild, soft, sweet onion is the Egyptian onion or the Canary Islands onion or the Bermuda ion; it is not the Spanish onion.

Senator McCumber. I know that I buy the Spanish onions, which) much more mild than the Bermuda onion; that is to say, I only ow what I buy them for.

Mr. Stambaugh. Yes.

Senator McLean. The others are very brittle and firm and not ry sweet.

Mr. Stambaugh. That is the truth. I must say that I do not ow. I am not competent to answer further than I have heard said.

Senator McCumber. I assume that they come from Spain because ere are only certain seasons of the year when I can get them. They) out of the market at other times, while the Bermuda onion is in e market all the year round.

Mr. Stambaugh. Incidentally, the American onion is best for wing, because it has the best flavor. The Spanish onion is best

raw. They are put in American sacks and shipped out to the trade as American onions.

Senator McLEAN. I had assumed that the Spanish onion commanded higher prices.

Mr. STAMBAUGH. The price of the Spanish onion to-day, in New York City, is practically the same as that of the American onion. They come in three different layers. There is a box about so large [indicating]. You can get the large ones in four layers and fill that box. Then you get the medium size in five layers to fill the box. and the smallest ones will take six layers to fill the box.

Senator McLEAN. Where is the major portion of the American onion grown?

Mr. STAMBAUGH. That is a large question. If you will give me time to answer that, I shall try to do so.

Senator McLEAN. Don't they grow in the Southwest—in Texas?

Mr. STAMBAUGH. The Texas onion is a Bermuda onion. On account of climatic conditions or for some other reason, they do not grow as large as those grown in Egypt and the Bermuda Islands, but they have the same flavor. I understand that they get that seed from that country in which the Bermuda onion is grown. It is a mild onion. That feeds the people from the 1st of April to the latter part of July. Then Louisiana comes in with onions, followed by Florida, and finally Kentucky, Virginia, and Jersey. There are onions shipped from the United States every month in the year. As you go north, I think, the onion is stronger.

You asked me a question a moment ago. Possibly this would be of interest to you.

Senator McCUMBER. You are not going to duplicate anything?

Mr. STAMBAUGH. No. Here are the States and the acreage:

California, 7,200 acres; Washington, 350 acres; Oregon, 500 acres; Utah, 75 acres; Idaho, 300 acres; Colorado, 750 acres; Minnesota, 850 acres; Wisconsin, 990 acres; Iowa, 800 acres; Michigan, 1,100 acres; Illinois, 750 acres; Indiana, 3,550 acres; Ohio, 4,583 acres; New Jersey, 400 acres; Massachusetts, 4,400 acres; New York, 8,720 acres. I am not well posted as to the amount of acres planted in Louisiana, Florida, Kentucky, and Virginia.

This is in the onion section. I do not have the Texas figures, but we are told that they are planting about 10,000 acres now. They are being set out at this time.

I thank you, gentlemen, for this opportunity to appear before you again. I trust that you can give us that cent per pound, because we feel that we need it in order to perpetuate our business.

POTATO FLOUR.

[Paragraph 769.]

STATEMENT OF W. P. HARTMAN, REPRESENTING THE FAIR AMERICAN POTATO FLOUR CORPORATION, PITTSBURGH, PA.

Senator McCUMBER. You may state your name and address.

Mr. HARTMAN. My name is W. P. Hartman, representing the Fair American Potato Flour Corporation, Pittsburgh, Pa., and I wish to speak on the subject of potato flour, covered in paragraph 769.

Mr. Chairman and gentlemen of the committee, if you will permit, I shall file with you a brief and not read from it. It is very short

f you will further permit I will file along with it the published hear-ıgs on the bill introduced in June, 1919, asking for a tariff of 3 cents er pound on potato flour; and the published hearing of February 2 of this year before the Ways and Means Committee; also a pam-hlet published for the information of the Ways and Means Committee y the United States Tariff Commission entitled "Domestic Potato roducts Industry"; all of which contains considerable statistical nd other data that I will not burden you with at this time.

Senator McCumber. You are asking this to be printed as a part f your testimony?

Mr. Hartman. Submitted for reference.

Senator Smoot. What do you say you want on that flour?

Mr. Hartman. Three cents per pound.

Senator McCumber. The committee will have to be informed as to ıst what you want printed. You spoke about having some of the earings printed.

Mr. Hartman. The hearings and pamphlet for reference only.

Senator McCumber. You do not ask that they be printed?

Mr. Hartman. No, sir.

The Chairman. Very well. Your brief may be printed.

Mr. Hartman. There are four points, and I will not take more ıan five minutes in discussing them, if I may.

The bill allows a duty of a cent and a half per pound. We are sking for 3 cents, and say to you honestly and frankly that the otato flour manufacturers of this country can not exist under a duty f less than 3 cents per pound.

Senator La Follette. Why?

Mr. Hartman. It costs us 6 cents a pound to produce, and Euro-ean potato flour is produced by millions of pounds and delivered at ur ports at 3¼ and 3½ cents per pound.

The introduction of potato flour is a costly item. Every one of ur salesmen is a technical baker, and in almost every case where e introduce the product we have to make a demonstration in the ake shop to get it in. The basic price is 9 cents at the mill for our roduct. The importers are offering potato flour as low as 4 and 5 nts in New York and Philadelphia and other eastern markets. e introduce a quality product, and the importer comes along with is cheap and inferior European grade and undersells us.

Senator La Follette. Where does it come from?

Mr. Hartman. Mainly from Holland at this time; prior to the war ostly from Germany. We understand Germany is now offering me of it.

Senator Smoot. How long have you been making potato flour?

Mr. Hartman. The first mill was constructed in 1918.

Senator Smoot. Not the first mill in the United States?

Mr. Hartman. The first potato-flour mill; yes, sir. It is dis-nctly a product of the World War. The first potato-flour mill was nstructed in the year 1918 at Idaho Falls.

Senator La Follette. How much is produced now?

Mr. Hartman. Up to the present time there has been produced mething over 5,000,000 pounds. The Falk American Potato Flour orporation has five plants.

Senator La Follette. How much is being imported?

Mr. Hartman. There are no definite figures on importations. It as not separated in the imports prior to 1914, nor since that time.

I do not know exactly what the imports would be. They have a gre quantity of stock in Europe; a lot of stuff is offered over the There are more than 12 firms that we know of that are offering it the prices I have named.

Senator La Follette. What are they offering it at here?

Mr. Hartman. From 3¼ to 3½ cents c. i. f. New York. Dur the hearings before the Ways and Means Committee the point wa developed as to the increase in the cost of bread if potato flour is us I would like to say there would be no increased cost, because it used solely as a bread improver and used exclusively by the bak industry. We all know what mother's potato bread is. It is us in the proportion of 2 per cent, or about 4 pounds to the barrel wheat flour of 196 pounds.

Senator La Follette. What is its value in bread?

Mr. Hartman. It is a bread improver. It is a natural yea food. The use of it makes a better loaf of bread, better in taste better in flavor, better in keeping quality. The moisture retent is of great value to the baker and housewife.

Senator Smoot. You do not use the old way of putting it in?

Mr. Hartman. The baker can not use the old method because the new machinery of the present day. He can not mix mash potatoes with his dough. Our potato flour sifts in and unifies eas with his wheat flour.

There was another point developed in the hearings before th Ways and Means Committee, and that was upon the convers equivalent of the potato on the compensatory basis. The duty 1½ cents was fixed by the Ways and Means Committee on the bas of 42 cents per hundredweight on potatoes, and the production fact (as they were incorrectly advised) at 25 per cent, whereas the actu production factor is 20 per cent. I may say to you gentlemen th since the hearings we have shown to the satisfaction of members the Tariff Commission and certain members of the Ways and Mea Committee that it is actually 20 per cent, and we have been told b two members of the committee that if you gentlemen recomme and put in your bill a duty of 3 cents per pound that they will supp the measure, with their later understanding of the difference in co version equivalent. Basing it at 25 per cent, which was an incorr basis, they arrived at 1½ cents per pound. If the correct factor h been used, 20 per cent, it would figure 2.1 cents per pound.

Senator Smoot. Potatoes are very cheap in the United Stat Does it cost you any more to make potato flour than to make wh flour from wheat?

Mr. Hartman. I could not say about that, Senator. I am n informed as to wheat milling costs. We figure over a 5-year per to pay 60 cents a hundred for the potatoes.

Senator La Follette. That is the way you arrive at your co

Mr. Hartman. Yes, sir. We have to figure on that basis.

Senator Watson. Where is your competition?

Mr. Hartman. Holland and Germany—mainly Holland this y

Senator Watson. Do they raise potatoes cheaper than we do?

Mr. Hartman. Yes, sir; they raise and transport them cheaper

Senator Watson. How is that?

Mr. Hartman. The labor cost, transportation, subsidy, and t type of potatoes they grow. The European potatoes contain abou

r cent more starch than the average in the United States, because ey grow a selected variety for industrial purposes, unfit for ordinary e, for table use; whereas, we have to take our potatoes from the linary table stock. I want to point out the economic importance this industry, because we aim to use sound under United States ide No. 1 potatoes, permitting the No. 1 potatoes to go into the linary channels of trade. The capacity of the Falk Corporation ints ranges from one to three carloads a day. We have plants ated in Michigan, Wisconsin, Minnesota, Idaho, and Colorado. ere are two other plants owned by farmers' cooperative exchanges Colorado and Nebraska, one privately owned in Wyoming, and e in Maine, nine plants at the present time. These plants were t producing anywhere near capacity during the last season, when tatoes were dumped because of the lack of market, because they ild not go up against the foreign competition and the prices I have oted you of 3¼ and 3½ cents.

Senator La Follette. How much labor do you employ?

Mr. Hartman. The labor cost is relatively small. We employ 20 25 men to the plant. We aim to operate in normal seasons about ven months in the year. The other five we can not operate. We n to operate from October or November up to May and June, pending on the condition of the crop.

I have stressed the two points, one with reference to conversion uivalent and one with reference to not increasing the cost of the if of bread. The third is the economic importance of this industry the American potato growing industry. Take Michigan, for exam-. They produced 28,000,000 bushels of potatoes last year. The wspapers reported that there were 2,000 carloads dumped on ac-int of the lack of market. If our plant could have afforded to erate at Cadillac, Mich., continuously from the time they were idy on down they would have used somewhere around 650 carloads.

Senator La Follette. What is the transportation rate from over-is?

Mr. Hartman. From Rotterdam to New York or Philadelphia it 23 cents per hundredweight; from our nearest plant in Michigan New York it is 66 cents per hundredweight.

Senator Smoot. I notice you do not have very many imports of tato flour?

Mr. Hartman. No, the record does not show it was heavy. I nk in 1914 there were something over 500,000 pounds. We have int considerable money in developing a market. We have main-ned upward of 25 technical men demonstrating throughout the ited States, introducing the product. It came out of the war, gely at the solicitation of the various Federal departments. Con-ss appropriated $50,000 for dehydration investigational work, and Bureau of Chemistry found that production of potato flour was of the most promising of the various dehydrating features.

Senator Smoot. Only 438,000 pounds of dried potatoes and potato ur was brought into this country in 1918?

Mr. Hartman. Yes, sir. That was practically all potato flour.

Senator Smoot. There were only 550,000 pounds in 1914?

Mr. Hartman. Yes, sir. There are millions of pounds offered in rope to-day.

Senator LA FOLLETTE. Do you know the amount of money th Government appropriated, or, rather, when it made its last appro priation to promote this industry?

Mr. HARTMAN. The appropriation was made, I think, in 191 $50,000.

Senator LA FOLLETTE. I remember it in the appropriation bil but I do not remember when the last one was made, whether the are continuing the experiment.

Mr. HARTMAN. Yes; they are continuing the experimental wor

Senator SMOOT. There was only one appropriation.

Mr. HARTMAN. $50,000. That work is still being continued. I wanted to show you these samples to demonstrate to you the differ ence between starch and potato flour. The question was raised th there would be confusion in the customs officers. There is no chanc of confusion if a man will use his senses. They do not taste alike do not feel alike, do not smell alike, and do not look alike. That wa one reason, we understand, for putting the rate at 1½ cents a pound thus being the same as potato starch. I thank you very much. an I would like to file this brief as a part of my testimony.

Senator MCCUMBER. The brief will be printed.

BRIEF OF W. P. HARTMAN, REPRESENTING THE FALK AMERICAN POTATO FLOU CORPORATION, PITTSBURGH, PA.

The manufacture of potato flour in the United States is a distinct national as It is a product of the World War, resulting directly from the encouragement an solicitation of Federal, State, and other authorities. Congress, by its substan appropriation of funds for research, experimental, and promotional work in the mat of dehydration of vegetables and fruits, voiced a national sentiment favoring conservation and utilization of foodstuffs, particularly that tremendous volum farm products so often a total loss because of undergrade.

The records and exhibits of the Bureau of Chemistry, United States Departm Agriculture, will, I believe, among others, sustain the statement that the manufa of potato flour proved one of the most successful and most promising of the count and costly experiments conducted to determine methods and products that w survive as a permanent industry.

At the very outset it was known to everyone in any way interested that potato f could not be produced in this country in direct competition with the cheaply duced, inferior foreign product. It was naturally assumed, as the experiment gressed to commercial proportions, that a new industry of such character, when pr a commercial possibility, would instantly enlist the support of the Congress of United States, to the end that a duty on imports, sufficient to adequately pr domestic production, would follow in due course.

In pursuance of this theory a bill was introduced in Congress (H. R. 6814) Jun 1919, asking for a duty on imports of potato flour of 3 cents a pound. Published h ings on this bill before the Ways and Means Committee of the House of Represe tives contain sufficient data to prove the positive merits of the application. Sup menting the hearings, a pamphlet published at that time for the information Ways and Means Committee, by the United States Tariff Commission, ent "The Domestic Potato Products Industries," furnishes important statistics and specific information. With your permission and in order to save your time, we mit the two documents for your reference as a part of our testimony at this h

Further, as a part of this statement we refer to hearings on general tariff re before the Ways and Means Committee, House of Representatives, Part V, Sch N—Sundries and free list, pages 4017–4023.

Potato flour is a very distinct product, comparable in no way, either as to pro manufacture, appearance, odor, flavor, color, texture, or uses, to any other pr product. It is the whole potato minus only its water content and outer skin sound potatoes are used, which are washed, peeled slightly, thoroughly cooked and dried into flakes over large steam-heated drums, then ground and bolted into a creamy-yellow flour. Potato flour is used almost exclusively by the baking ind solely as a bread improver. Any experienced baker, chemist, or food author attest its merits.

Manufacturers of potato flour aim to harmonize the industry with pres standards of farm marketing of the potato crop so that the factory will absorb the

nder United States grade No. 1 stock. In seasons of overproduction the industry ught to be in position to work up the surplus crop, thus obviating the heavy complete oss to growers and shippers because of dumping and total waste such as obtained is year in Michigan, Maine, and other States.

There are nine factories equipped for manufacturing potato flour in the United ates. Five of these plants are owned and operated by the Falk American Potato lour Corporation, general offices, Pittsburgh, Pa. The factories are located at adillac, Mich.; Wisconsin Rapids, Wis.; Bemidji, Minn.; Idaho Falls, Idaho; d Monte Vista, Colo. Plants owned by farmers' cooperative associations or local mpanies are located in Maine, Wyoming, Nebraska, and Colorado. It will be noted at practically all of the principal potato-growing districts of the country are served a factory.

Owing to short crops, lack of protective tariff, and other causes, not one of any of e nine plants has been able to work to capacity during any of the years since the first ill was constructed in 1918. If a protective tariff had been in effect I can say to u positively that every one of the Falk plants would have operated continuously ring the winter and spring of 1920–21. I conclude the other companies would have en similarly situated.

On the basis of a five-year average—taking into account the seasons of short crops d consequent prohibitive prices for potatoes for manufacturing purposes, and other tors—we figure the average paying price for potatoes at 60 cents a hundredweight. e extraction in manufacturing is 20 per cent potato flour—and not 25 per cent, as e Ways and Means Committee was incorrectly informed during the course of its estigations.

Thus the flour produced, allowing for shrinkage and waste, costs 3.1 cents per und for the raw product alone. Figuring all items—raw product, labor, supplies, erest, depreciation, idle time of plant, etc.—the cost is 6 cents a pound to produce d bag the flour ready for shipment.

Very heavy constant expenditures are required to maintain the necessary advering, demonstrating, and other sales costs to introduce and develop the markets. uropean potato flour, of which there are large quantities available, is offered to-day 3.5 cents per pound c. i. f. New York.

The Falk American Potato Flour Corporation is capitalized at $1,000,000. More n its total capital stock is now actively invested in the industry. Owing to various ses, the net losses to the company to date have been exceedingly heavy. The er small companies have less capitalization, but all of them have suffered losses.

The House of Representatives (H. R. 7456, Rept. No. 248, par. 769) voted a duty potato flour of 1¼ cents per pound. The potato-flour industry of this country will ish absolutely under this nonprotective measure. Nothing less than 3 cents per nd will afford the required protection. In the same paragraph dried potatoes are tected under proposed duty of 3¼ cents. The Ways and Means Committee arrived 1¼ cents per pound on potato flour, basis conversion equivalent, potatoes at 42 ts per hundredweight, extraction of potato flour 25 per cent.

We have since proved to the satisfaction, at least of some of the members of the mittee, that they were incorrectly informed and that the actual factory produc- factor is 20 per cent. With the corrected figure, the compensatory duty would 1 cents. However, we maintain, and we are supported in our position by tariff lorities, that there need not necessarily be the close relation, based upon conversion ivalents, that obtains in the case of raw materials and derivatives such as flaxseed l linseed oil, or wool and textiles. Potato flour and potato starch are two entirely erent articles of commerce in every particular. There is no good reason why the should be confused in any essential.

tariff of 3 cents a pound on potato flour will insure the life of the industry; less n that amount means its immediate ruin. The relationship of this industry to erican agriculture is of first importance. Potato growers' associations and shippers various States, also some State legislatures, have petitioned you by resolutions ing your favorable consideration for a duty of 3 cents.

TOMATOES.

[Paragraph 770.]

ATEMENT OF FRANK J. BARRY, REPRESENTING NOGALES (ARIZ.) CHAMBER OF COMMERCE.

Mr. Barry. Mr. Chairman and gentlemen, I am appearing as the resentative of the Nogales (Ariz.) Chamber of Commerce. The son that the Nogales Chamber of Commerce is interested in the

Senator SMOOT. It does not make any difference when they c... over when they are sold or canned for future use.

Mr. BARRY. I know they do not can in Nogales. I am speaking of the whole consumption. They do not can any of these tomatoes. They are sold on the market, distributed in the natural state and sold to the retailer in the natural state. It would be impossible to can tomatoes at a cost so great as these tomatoes bring on the market.

Senator MCCUMBER. But do you meet any competition that would result if we put them on the free list from other sections of the country?

Senator SMOOT (interposing). This does not apply to winter tomatoes. This applies to tomatoes of every kind.

Mr. BARRY. I know it does, and I distinguish in this argument ... will follow between them and your summer tomatoes. We do not ... the "summer tomato"; we propose that provision be put in section 770.

Senator SMOOT. You have not stated that.

Senator MCCUMBER. That is, that in certain months they shall ... bear the same duty as those imported in other months; is that your claim?

Mr. BARRY. That is it, Senator.

Senator MCLEAN. You are in about the same fix as the potato men?

Mr. BARRY. I do not know anything about those potato men, Senator. Then, as I said, the Mexican crop does not enter into competition with Florida, California, or Texas. As a matter of fact, I have a number of letters from dealers in tomatoes in California, Texas, and in the Northwest urging that no increased tariff be put on Mexican tomatoes, and I think several Senators have been sent telegrams by their constituents and letters from those States along the same line.

As I stated before, only 4 per cent of this crop reaches the Atlantic coast States, which is the market for the Florida tomato, and I may say that the Florida crop is not sufficient to supply the demand of the Atlantic coast. There is no competition whatever, therefore, between these tomatoes and the tomatoes that are raised in the United States during that period.

Moreover, the cost of producing and marketing these tomatoes is so high that they never can compete with the American-grown tomato. This is due mainly to the fact that it being a perishable product will not reach the market in a condition to be salable if it is not packed right. These tomatoes have to be packed in a certain condition in order that they may reach the market. Therefore there are quite a number—probably one-half of the crop—that ... to be laid aside at the time of picking, because it will not pack and ship, and they have no canning facilities in Mexico. Therefore ... is a great loss to the grower, and his cost is, therefore, much increased.

Senator MCCUMBER. What is the particular kind of tomato raised there?

Mr. BARRY. They raise several kinds. It is the same sort ... American tomatoes.

Senator MCCUMBER. Will you give us the names of the different kinds raised?

Tomatoes on the west coast of Mexico reach the United States ring the months of December, January, February, March, April, d May.

There are no tomatoes grown in the United States, except possibly se that are grown in hothouses (and they do not amount to anyng), during the months of December, January, February, or March. April Florida produces tomatoes; next comes the Imperial Valley California, and after that comes Texas.

Senator SMOOT. Does Arizona raise any tomatoes?

Mr. BARRY. Not to speak of, not for any outside consumption I ow of. It does probably in the summer season, but not during ose months I have mentioned. These winter tomatoes have been owing in Mexico now for some few years, probably 10 years.

Senator WATSON. You are an importer?

Mr. BARRY. No, sir; I am a director of the Nogales Chamber of mmerce, and I am sent here by them.

Senator WATSON. And they want to get tomatoes in from Mexico, they?

Mr. BARRY. Yes, sir. It is to the interest of the community there, cause the money received from those tomatoes is spent mostly ere.

Senator McLEAN. Do you make them into paste?

Mr. BARRY. No; they are imported only in the natural state.

Senator SMOOT. You say you are a resident of Nogales?

Mr. BARRY. I am a resident of Nogales.

Senator McLEAN. Are those tomatoes sent East?

Mr. BARRY. They are sent to the Middle States; they do not come ast. The cost of transportation is so high and the distance so far r a perishable commodity of this kind that it is inadvisable to send em East.

Senator McLEAN. They come into this country in the months ien there is no competition?

Mr. BARRY. That is the claim, and that is when they do come in; ien competition might exist from Florida they never get into e Florida market, Florida being confined to the Atlantic Coast ates, and only 4 per cent of the Mexico product last year reached e Atlantic Coast States; and, as I will afterwards show, the cost of oduction is so high that they can not compete with the Florida natoes.

Senator McCUMBER. Are those tomatoes used for canning after ming into the United States?

Mr. BARRY. No; they are used for immediate consumption, for nter use only.

Senator McLEAN. What is the retail cost?

Mr. BARRY. About 25 cents per pound retail.

Senator SMOOT. How many tomatoes do you want to bring over?

Mr. BARRY. Our people—probably a carload would be sufficient for whole year locally.

Senator SMOOT. There are other sections of the country probably t fixed like you are, because you do not raise any, and they are sed right across the line. But there are people raising tomatoes in nerica and in competition with that foreign product.

Mr. BARRY. I beg your pardon; they do not raise them during the onths that I speak of.

Senator SMOOT. It does not make any difference when they come over when they are sold or canned for future use.

Mr. BARRY. I know they do not can in Nogales. I am speaking of the whole consumption. They do not can any of these tomatoes. They are sold on the market, distributed in the natural state, and sold to the retailer in the natural state. It would be impossible to can tomatoes at a cost so great as these tomatoes bring on the market.

Senator MCCUMBER. But do you meet any competition that would result if we put them on the free list from other sections of the country?

Senator SMOOT (interposing). This does not apply to winter tomatoes. This applies to tomatoes of every kind.

Mr. BARRY. I know it does, and I distinguish in this argument that will follow between them and your summer tomatoes. We do not say the "summer tomato"; we propose that provision be put in section 770.

Senator SMOOT. You have not stated that.

Senator MCCUMBER. That is, that in certain months they shall not bear the same duty as those imported in other months; is that your claim?

Mr. BARRY. That is it, Senator.

Senator MCLEAN. You are in about the same fix as the potato men?

Mr. BARRY. I do not know anything about those potato men, Senator. Then, as I said, the Mexican crop does not enter into competition with Florida, California, or Texas. As a matter of fact, I have a number of letters from dealers in tomatoes in California, in Texas, and in the Northwest urging that no increased tariff be put on Mexican tomatoes, and I think several Senators have been sent telegrams by their constituents and letters from those States along the same line.

As I stated before, only 4 per cent of this crop reaches the Atlantic coast States, which is the market for the Florida tomato, and I may say that the Florida crop is not sufficient to supply the demand of the Atlantic coast. There is no competition whatever, therefore, between these tomatoes and the tomatoes that are raised in the United States during that period.

Moreover, the cost of producing and marketing these tomatoes is so high that they never can compete with the American-grown tomato. This is due mainly to the fact that it being a perishable product will not reach the market in a condition to be salable if it is not packed right. These tomatoes have to be packed in a certain condition in order that they may reach the market. Therefore there are quite a number—probably one-half of the crop—that has to be laid aside at the time of picking, because it will not pack and ship, and they have no canning facilities in Mexico. Therefore, there is a great loss to the grower, and his cost is, therefore, much increased.

Senator MCCUMBER. What is the particular kind of tomato raised there?

Mr. BARRY. They raise several kinds. It is the same sort of American tomatoes.

Senator MCCUMBER. Will you give us the names of the different kinds raised?

Mr. BARRY. I could not, but I think they have the popular kinds ɪed in the United States. I have heard them talk about Yellow lobe and a few of those other kinds.

Senator McLAIN. You say they retail at 30 or 40 cents?

Mr. BARRY. I understand they retail for about 25 cents.

Senator DILLINGHAM. Where, in the North or South?

Mr. BARRY. In the Mississippi States, many of them going to hicago.

Senator McCUMBER. Is that a very large tomato that is raised ɪere?

Mr. BARRY. No; it is not a large tomato. It is a medium-sized ɔmato, and hard. I can not say what they pay for them wholesale, nderstand.

Senator DILLINGHAM. At what price do they come into this ɔuntry?

Mr. BARRY. In Chicago?

Senator DILLINGHAM. I mean where they are imported.

Mr. BARRY. There is no market there for them.

Senator DILLINGHAM. They have to be bought there, do they not, y somebody?

Mr. BARRY. When they buy them there they probably pay 15 ents a pound.

Senator DILLINGHAM. Are they shipped directly from Mexico to he Northern States?

Mr. BARRY. Yes, sir; they are shipped from the point of origin.

Senator DILLINGHAM. What is the wholesale price when they are hipped?

Mr. BARRY. When they are shipped it is about 8 or 9 cents a ound, at the market, in carload lots.

Senator McLEAN. And the wholesaler gets about 15 or 20 cents in hicago?

Mr. BARRY. I suppose so; I do not know. I am informed that it ɔsts about 25 cents a pound to the final consumer. In addition to ɪese packing costs they have high transportation charges, of course, ɔming from all the way down in Mexico. They have about 800 or 00 miles haul below the border, coming up from to Chicago, going p to the Northwest and to Washington State, and coming to Kansas ity and to those other points where the consumption takes place.

Therefore, as a protective measure there is no necessity whatever r a tariff on Mexican-grown tomatoes that do not come in competion with our native product; and the cost of production is so high ɪat the native product can drive them off the market.

The only other reason, therefore, for increasing the tariff on these ɔmatoes would be to increase our revenue, and that, of course, is ɪ important matter to be considered.

During the last Mexican tomato season there were imported into e United States 24,272,000 pounds of tomatoes. That is the cord that the Nogales Chamber of Commerce has, and the consul Mazatlan states that the amount imported was 21,455,000. So e are practically agreed. Possibly some of these tomatoes came om Sonora and not from Mazatlan, where this consul is. There is ɪly a difference of less than 1,000,000 pounds in their reports.

On that importation the Government of the United States received ɪder the present rate of duty, $91,020 in duties.

INCREASE OF TARIFF ON MEXICAN TOMATOES WILL REDUCE RATHER THAN INCREASE REVENUE.

The only other reason for increasing the tariff on Mexican tomatoes would be to increase the revenue. During the last Mexican tomato season there were imported to the United States from Mexico 24,272,000 pounds of tomatoes on which the United States collected $91,020 in duties. One of the largest and most economically operated tomato farms in Mexico is "La Louisiana," at Los Mochis, Sinaloa, owned by Americans, and comprising 610 acres. The following is a table of the production and marketing costs for said farm for the last season:

	Per pound.
Cost of growing, including rent, interest, seed, labor, etc	$0.0[illegible]
Cost of packing materials and labor of packing	.01[illegible]
Cost of transportation, duties, and commissions	.03[illegible]
Total cost	.0[illegible]
Gross selling price	.0[illegible]
Net profit to grower	.00[illegible]

It will be seen that the grower's profit is less than one-half a cent per pound without taking into the calculation interest on his investment or bad seasons.

Now, if we add to the already high cost an additional five-eighths of a cent per pound, as is proposed, we find this entire net profit converted into a net loss of $0.0017[illegible], or nearly one-fifth of a cent per pound. The inevitable result will be the abandonment of the industry on the west coast of Mexico and the total loss to American consumers of a wholesome vegetable which has come to be a necessity of the winter table, as well as the loss to the United States of over $90,000 revenue.

It needs no further argument to show that as a revenue measure the proposed tariff would fail.

Can the selling price of tomatoes be increased so that the increased tariff may be passed along to the consumer? Possibly; but in such case the consumption would be greatly reduced, perhaps to less than one-fourth the present consumption. Experience teaches that when duties are passed on to the consumer they are many times multiplied on the way. Winter tomatoes at present cost the housewife about 25 cents per pound. Add five-eighths cent per pound to the present production cost and it is safe to say that the consumer will pay more than 30 cents per pound. Such a large increase in price may not kill the entire consumption but would be certain to kill three-fourths of it. What is the result? A net loss to the Government of over $30,000 per annum.

The importation of winter tomatoes should be encouraged rather than discouraged. Measures should be taken to reduce the price rather than increase it as long as no native industry suffers. The Government could well forego its tariff on such a desirable and necessary article of food during the winter season when fresh vegetables are unavailable. Certainly the importation should not be curtailed nor the price increased by an increase of duty. It is respectfully recommended, therefore, that winter tomatoes be placed on the free list or that the duty thereon be not to exceed three-eighths cent per pound.

The following proviso might be added to paragraph 770:

"*Provided*, That tomatoes imported in their natural state between the 15th day of December and the 15th day of May, annually, shall be admitted free of duty."

TOMATO PASTE.

[Paragraph 770.]

STATEMENT OF JOHN S. MITCHELL, WINDFALL, IND., REPRESENTING MANUFACTURERS OF TOMATO PASTE.

Senator McCUMBER. Please state your residence and occupation.

Mr. MITCHELL. I am from Windfall, Ind. I want to discuss for a short time a peculiar condition. I want to discuss with you the subject of tomato paste, and strange to say, at this time, asking for a protective tariff on tomato paste I shall be able to prove to you we will not increase the price of tomato paste but will decrease it.

To our Italian friend who discussed the subject this forenoon I want to present now the American side of the story. Tomato paste is the product of the familiar vegetable tomatoes, that is used, on the average, in our American families in some form at least two meals per day every day of the year. Strange to say, the form of tomato paste is not known to the average consumer, who does not live where tomatoes grow and who does not know whether it is a little pear-shaped tomato or a round one.

A few of us had the nerve during the war to manufacture American-made tomato paste and start at the beginning of the industry to produce the best quality that could be produced, and had the nerve to install the best machinery, believing that the time had come, because the war had barred out importations, that when the war ceased and the Italian nation began to send in here the tomato paste that they had heretofore the Congress of the United States would see fit to give us protection to the extent of the difference in labor. That is the only thing that we need.

Senator SMOOT. The bill gives 28 per cent ad valorem. What do you want?

Mr. MITCHELL. Forty-two per cent.

Senator WALSH. How large an output have you?

Mr. MITCHELL. During the year 1918 we produced 2,000,000 tins of that brand [indicating].

Senator WALSH. What was the value of that two million?

Mr. MITCHELL. At that time it was $20 per case of 200 tins.

Senator WALSH. How many employees did you have?

Mr. MITCHELL. About 150.

Senator WALSH. You have heard what the Italian gentleman said about what it cost to produce?

Mr. MITCHELL. That is right; yes, sir. This concentration is costing us to-day $10 per case, or 5 cents per tin, and contains exactly the same food value of that 2-pound tin of ordinary canned tomatoes [indicating].

This one I bought on the streets of Washington to-day for 20 cents a can. This one can be easily sold for 10 cents a can and it contains exactly the same food value. This is produced by expensive machinery, eliminating seeds, skins, cores, and reducing the tomato pulp from 32 ounces net, down to 6 ounces net.

Now, our Italian friend says the imported article to-day would cost them, if I remember rightly, $18.50 a case. I mention that, gentlemen, because I want to refresh your memory here about wages here in the United States and foreign countries. In February, 1921, in Florence, in Italy, there was a decrease of 1.6 per cent in the cost of foods over the previous month, but an increase of 384 per cent of the cost of food values over the first half of the year 1914. While the decrease in American foods for the previous month was 8.1 per cent, the increase over the first half of 1914 was only 55 per cent. In the city of Milan, the same comparison shows that in February of this year their food costs were 464 per cent. Therefore, if this tin costs $18 now it would cost less than $4 per case in the first half of 1914. That clearly explains why their cost now is extremely high.

Now, if we are allowed to go ahead and pack tomato paste in the United States and are granted a tariff which is just the difference in the cost of labor in Italy and the United States, we will bring the cost

of consommé and soups, ketchup, and all the condiments from which the tomato paste is made down to below the cost of 1914. But we must have a market for it, and the market that we want is to reach the Italian trade of the United States, which has solely bought this product.

Senator WALSH. The tomato paste?

Mr. MITCHELL. Absolutely. The American tradesman in the United States knows nothing about that product in the world. We have been busy supplying the Italian population, but if we are permitted to retain our expensive machinery and manufacture this and have time to build up the demand from our American trade, we will produce it inside of five years until, instead of paying 20 cents a can for the food value contained in that tin, with the saving of tin and the freight, we will be able to produce the same food value in that can for not to exceed 6 or 7 cents.

Therefore, strange to say, asking for a protection on this will have the tendency, will have the effect, of reducing the price instead of making it increase.

This year I sold more than a million tins at the price of $11.50 a case, while in 1917 it sold for $20 per case.

Senator WALSH. What was the cost to produce the case?

Mr. MITCHELL. This was my main cost, $10 per case for this [indicating].

Senator WALSH. There is a very small margin of profit?

Mr. MITCHELL. Yes, sir.

Senator SMOOT. How many cans are there in a case?

Mr. MITCHELL. Two hundred, costing 5 cents per tin, equaling in food value this 32-ounce tin that sells at retail here to-day for - cents a tin.

Senator WALSH. What does yours retail for?

Mr. MITCHELL. Eight and nine cents. Now, I have figured on this paste question how to arrive at 42 per cent. The cost of tomato paste is 66⅔ per cent labor. The average cost of labor in Italy is less than 25 per cent of the average cost of labor in the United States. Figuring on the American valuation, if we put the parity of the rate in Italy and the United States the same it would take a tariff of - per cent, or a specific tariff of 4 cents a pound.

Senator SMOOT. That can costs you 5 cents?

Mr. MITCHELL. That is right; yes, sir.

Senator SMOOT. That is labor, can, and everything?

Mr. MITCHELL. Absolutely everything.

Senator SMOOT. How much labor is in it?

Mr. MITCHELL. I estimate 66⅔ per cent.

Senator SMOOT. That would be 3⅓ cents?

Mr. MITCHELL. That is it.

Senator SMOOT. That is all the labor there is in that?

Mr. MITCHELL. That is right.

Senator SMOOT. You want 42 per cent for 3⅓ cents?

Mr. MITCHELL. Forty-two per cent, as I understand. I do not know that I understand the American valuation or not; but I understand that the American valuation means the wholesale price of American manufactures, which in this year was $11.50 a case.

Senator SMOOT. That would be $4.52?

Mr. MITCHELL. While the labor cost is $6.67 and the Italian labor is one-fifth of that.

Senator SMOOT. You say you sold that at $11.50?

Mr. MITCHELL. Sold it at $11.50; yes, sir.

Senator SMOOT. In other words, for the labor cost of 3½ cents you want protection of 2½ cents?

Mr. MITCHELL. That is it, based on American valuation; but if by some means you should drop that, give us 4 cents a pound specific, which would be $4 per case, which would nearly produce the same thing.

If you will enact this, I want you to know that what we are doing is setting the basis for food value that is contained in tomatoes, reducing the size of the container which contains it, its weight, and the amount of lumber that it takes to case and ship it. In other words, the tomato products in the United States to-day use 25,000 cars per year. If we can reduce the paste in that from 32 ounces net to 6 ounces net and have it contain the same food value, we will have saved 20,000 cars in space and material used, and we will get a product that is purer, because after the tomatoes are washed and sorted they are never touched by human hands; they are handled by machinery all the way through. We will get a purer, cleaner, and more wholesome product than these are [indicating] in the paste from which we make soup, consommés, and all of the things that enter into our foods that we use at two meals per day throughout the year.

Senator SMOOT. You will have to convince the American housewife that this is as good as the tomato itself.

Mr. MITCHELL. That is what we must do.

Senator SMOOT. That we can not help you with.

Mr. MITCHELL. But we want to use the Italian trade which consumes this commodity, and we have got the time. Up to this time it has kept us few manufacturers busy to supply that trade, and we have had no time to put the machinery in operation to prove to the American housewives why they should buy this paste instead of that can of tomatoes [indicating].

Senator McCUMBER. We are very much obliged to you.

BRIEF OF JOHN S. MITCHELL, WINDFALL, IND., REPRESENTING ROYAL PACKING CO.

1. We ask for an ad valorem duty of 42 per cent, American valuation, or 4 cents per pound, specific duty on the product containing not less than 25 per cent tomato solids and 5 cents per pound on product containing more than 25 per cent of tomato solids, covering the net contents of the package and immediate (tin) covering.

2. Cost of manufacture in the United States during the season of 1921 was approximately $10 per case of 200 tins, each containing 6 ounces net. Density of product, 25 per cent tomato solids.

3. Principal items that enter into cost being the raw tomatoes from the field, tin containers, and wood case.

4. Wholesale value, approximately $11.50 per case.

5. Imports come exclusively from Italy.

6. We are asking for protection to the extent of the difference in labor cost in the United States and Italy.

7. Labor used being almost exclusively farm labor or labor drawn from the agricultural districts. In Italy even the tin containers are made by cheap hand labor during the vacation season. The raw product (tomatoes) being very perishable, it follows that the packing of the product must be in close proximity to the farms as a matter of economy.

8. Comparative cost of labor (agriculture): United States, $46.89; Italy, $9.73 per month. (See Tariff Information, 1921, Wages in United States and Foreign Countries, p. 6.) Italian labor cost being approximately 20 per cent of the cost of American labor.

9. We estimate that fully 60 per cent of the cost of the product is labor.

10. Application of ad valorem duty asked, based on 1921 estimate of cost, would be as follows:

Total cost per case, $10; 60 per cent of which is labor, $6 per case; Italian labor cost, 20 per cent of American labor cost, or $1.20 per case. Difference in labor cost, $4.80 per case in favor of Italy. American wholesale value at time of manufacture $11.50 per case. Tariff of 42 per cent on American valuation would produce a duty of $4.83 per case and give us protection to the extent of the difference in cost of labor only.

11. Application of specific duty of 4 cents per pound on product containing not more than 25 per cent tomato solids. We estimate that when this product shall have reached an American cost of $8.50 per case we will be down to a prewar basis; 60 per cent of this cost, $5.10 per case, being labor; labor cost in Italy, 20 per cent of $5.10, equals $1.02 per case, or a difference in labor cost of $4.08 per case in favor of Italy. Weight of net contents of package, including immediate (tin) covering, is approximately 100 pounds, at 4 cents per pound, would produce a duty of $4 per case and give protection to the extent of the difference in cost of labor only.

12. Representative of Italian Chamber of Commerce advises that present cost of imported product in New York City is $18.50 per case, and for that reason the American manufacturer needs no protection. However, he fails to note that food prices in Italy are more than 400 per cent above normal. (See tariff information booklet above referred to, pp. 84-85.) With their cheap productive labor, we may expect them to reach normal very quickly, and the cost of $18.50 per case will then be $4.62½ per case, and that little $4 per case specific duty will look good to American farm labor and agriculture.

13. Product at this time is consumed almost wholly by the Italian population in the United States. American manufacturers, if given the opportunity, will educate American consumers to appreciate the advantages of tomato paste in cleanliness and great saving in cost.

14. When Italy entered the World War, the Italian Government placed an embargo on the exportation of tomato paste. American manufacturers built factories and have taken care of the demand to date.

15. Prewar prices of imports were $4.50 to $8 per case Boston, New York, or New Orleans. Domestic prices, 1916, $13 per case; $20 per case in 1917. In 1918 there was an overproduction and market during 1919 dropped below cost of production. In 1921 market for futures 25 per cent tomato solids, $11.50 per case. Present market rising, and is now $14 per case. This rise in value is because at the beginning of 1921 American manufacturers through fear of competition with cheap Italian labor cut production and started dismantling plants. It follows that had we had the protection asked for in this brief, tomato paste would be selling in the United States to-day at less than its present market value.

CHICORY.

[Paragraph 775.]

STATEMENT OF DAVID McMORRAN, PORT HURON, MICH.

Mr. McMORRAN. I am interested in paragraph 775, chicory. Under all previous tariffs chicory has been honored with a separate paragraph. I find in the present bill that it has been grouped with dandelion root, coffee substitutes, and acorns. Why, I do not know, because dandelion root, acorns, etc., are not products that are imported, or ever will be, to any extent. I filed with the House committee an elaborate brief on the subject of chicory, which evidently was not read——

Senator McCUMBER. It may be that it was too elaborate.

Mr. McMORRAN. That may be. I thought I would not prepare any brief this time, but would take about 5 minutes of your time. The bill came out of the committee giving a rate of a cent and a half on the raw materials and 2 cents on the manufactured article, which was only one-half cent protection for the manufactured and meant the absolute destruction of the chicory industry in this country. O

an eleventh-hour appeal they consented to put a rate in as it was in the Payne-Aldrich Act, 1½ on the raw and 3 cents on the manufactured.

That is not a prohibitive tariff, as you will note from the record that there was a continuous importation during the Payne-Aldrich Act. With the present tariff, which went into effect in 1914, we had about six months' experience, and it put us out of business. The war came along and saved us. This year we are hanging on. I closed my own business the 1st of July with a loss of $100,000, due to this tariff. We have another loss facing us for the next year.

Senator SMOOT. What do you want on chicory?

Mr. McMORRAN. We want the bill left alone as it came from the House. If you will do that we are going to be satisfied. That is not exactly satisfactory, but it is about the best we can hope for. We do not want to start any disturbance in the House. The present exchange conditions make a 3 cents a pound difference existing, but we can not correct it. We have not been able to discover any way of correcting it except by an additional ad valorem duty, which the House does not approve of. The difference should be 2 cents between the duty on the raw and the manufactured in order to give us protection and put us on the same basis as the foreign manufacturer. Though we would be satisfied with 1½ and 3 cents if it is allowed to stand as in the House bill. There are engaged in this business in Michigan about 10,000 farmers who grow chicory, about 5,000 every year, under normal conditions; and they do not grow it every year. It is a part of their established rotation of crops. Some years one farmer will grow it, and the next year his neighbor will grow it and he will skip a year.

Senator LA FOLLETTE. Is it all produced in Michigan?

Mr. McMORRAN. Practically all of it. There is some grown in California and some in New York. It has been grown all over the country. It has been grown in Wisconsin, Nebraska, Connecticut, and New York.

Senator CALDER. Is there much imported?

Mr. McMORRAN. Yes, sir. There is some imported all the time.

Senator CALDER. What proportion of the total consumption in this country is imported?

Mr. McMORRAN. Under the Payne-Aldrich Act from 10 to 15 per cent of the consumption of the country. That importation has run up as high as 50 per cent. With that 50 per cent we can not exist, because the business is limited.

Senator McCUMBER. It is used as a coffee substitute, is it not?

Mr. McMORRAN. No, sir; it is a coffee mixture. Your impression of chicory is probably——

Senator McCUMBER. I mean, it is mixed with coffee?

Mr. McMORRAN. Yes, sir; but it is not an adulterant.

Senator McCUMBER. It is not used for any other purpose than coffee. That is what I wanted to get at.

Mr. McMORRAN. No; nothing but coffee.

Senator LA FOLLETTE. How does it sell in comparison with the price of coffee?

Mr. McMORRAN. It varies. During the war it sold at twice the ordinary price, because we had a shortage. It is now selling at 7 cents.

Senator LA FOLLETTE. It is mixed in what proportion with coffee?

Mr. McMORRAN. About 10 per cent is all that should be used, and that is used by the coffee roasters.

Senator LA FOLLETTE. What purpose does it serve in the coffee?

Mr. McMORRAN. It makes a mellow body to the coffee which you do not get from the modern Central American and South American coffees. You remember that when we used to get one-third Mocha and two-thirds Java we got that mellow body. We do not get that any more. We get Central American and South American coffees which are lacking in body, and the addition of the chicory gives that mellowness which you get in the dining cars and in the best hotels which serve chicory with their coffee. It is not bought very largely by the consumer, only a small portion of it. We hope to educate the consumer to it. In mixing the coffee the proportion is so small that the effect in price to the consumer is negligible. It is only a fraction of a cent a pound; and coffee is never sold by split cents.

Senator JONES. Which kind of coffee does the chicory displace—Mocha?

Mr. McMORRAN. No, sir; it is more the Java. The old Java coffee was the coffee with a body, and the chicory takes the place of the Java. It requires a very small percentage to do it. You do not want to use too much of it. If the committee will simply bear in mind that the bill as it comes from the House is satisfactory, and not reduce the differential between the raw material and the manufactured we will be satisfied, because the American farmer can not export his product unless the American manufacturers use it. They must have at least 1½ cents in order to struggle through the foreign exchange difficulties, and then we will be on the basis that we were on before the war.

CHOCOLATE AND COCOA.

[Paragraph 776.]

STATEMENT OF STEPHEN L. BARTLETT, IMPORTER OF MANUFACTURED COCOAS AND CHOCOLATES, BOSTON, MASS.

Mr. BARTLETT. My name is Stephen L. Bartlett; my home is in Boston.

The CHAIRMAN. What is your occupation?

Mr. BARTLETT. I am an importer of manufactured cocoas and chocolates, buying them for my own account and paying for them and selling them at my own risk. In no sense am I a representative on a commission basis of a foreign concern.

The article I represent is a food product, unsweetened cocoa powder used in families like tea and coffee.

The CHAIRMAN. Where does this product chiefly come from that you use?

Mr. BARTLETT. The manufactured product that I deal in is manufactured in Holland. We import the goods in small tins for family consumption and in 200-pound casks for manufacturing purposes and chocolate in 100-pound cases as a raw material wholly.

I particularly ask you gentlemen not to confuse the goods I represent with what is popularly known as chocolates and which are provided for under the confectionery clause of all tariffs.

Senator McCUMBER. You import simply the raw product?

Mr. BARTLETT. No, sir; the manufactured product.

Senator McCUMBER. The manufactured product of chocolate?

Mr. BARTLETT. The manufactured product of the cocoa bean. The cocoa bean is the basis of all chocolate and cocoa preparations, and it is suitable for nothing else but the manufacture of cocoa and chocolate.

Senator McCUMBER. To what extent is the same product manufactured in the United States?

Mr. BARTLETT. I was going to refer to that in a moment, Senator, if you please.

Senator McCUMBER. All right.

Mr. BARTLETT. The cost of manufacturing is mostly by automatic machinery and is no more, or very little more, if any, in this country than in any other foreign country. Cocoa beans are on the free list, and the United States last year consumed 60 per cent of the world's consumption, the best evidence, I think, that as a protective measure the high tariff is not necessary.

The imports of cocoa beans, from which these goods are all made—and I ask you again not to confuse these with manufactured chocolates, which I was once told by a member of the Senate Finance Committee his daughter bought on F Street for a dollar a pound——

Senator WATSON (interposing). Let me ask you a question or two, Mr. Bartlett.

Mr. BARTLETT. Certainly.

Senator WATSON. I do not hear you very well. What is the duty under the present Underwood law?

Mr. BARTLETT. The Underwood tariff on prepared unsweetened cocoa powder is 8 per cent.

Senator WATSON. The bean itself is on the free list?

Mr. BARTLETT. The bean itself is on the free list.

Senator WATSON. And on the finished product 8 per cent?

Mr. BARTLETT. On the finished product, unsweetened cocoa powder, 8 per cent.

Senator WATSON. And this bill proposes 17 per cent, does it?

Mr. BARTLETT. This bill proposes 17½ per cent.

Senator WATSON. Have the imports under the Underwood law destroyed the industry in the United States or injured it?

Mr. BARTLETT. I will quote these figures in reply to you, Senator, in a moment.

The imports of beans under the present tariff, in 1913, were 139,000,000 pounds; in 1920 they had increased to 420,000,000 pounds—three times, 300 per cent.

Senator WATSON. That is the raw material?

Mr. BARTLETT. The raw material.

Senator WATSON. Are they used for any other thing?

Mr. BARTLETT. Nothing else.

Senator WATSON. Have you any figures to show how much finished product was imported?

Mr. BARTLETT. Yes, sir. Under the same tariff the imports of manufactured products for the year 1913 were 1,598,000 pounds, and in 1920 that decreased to 1,548,000 pounds. Practically speaking, the imports of manufactured products were very little, if anything, compared with the raw material of which this country consumed 60 per cent of the world's consumption.

Now, to increase the tariff as it is proposed in the House measure would stop the importations altogether.

These figures, I think, speak better than anything I can say further.

Senator SMOOT. What do you want? Do you want 8 per cent?

Mr. BARTLETT. I would prefer a specific duty.

Senator SMOOT. Of how much?

Mr. BARTLETT. A specific on unsweetened cocoa powder, valued at less than 20 cents a pound, of a cent a pound; and above 20 cents a pound, 3 cents a pound. That is about the rate of to-day.

Senator SMOOT. What do you have to say about cocoa butter?

Mr. BARTLETT. We can not compete with the American manufacturer. There is a tariff of 3½ cents a pound, which bars out Holland butter.

Senator SMOOT. You are not interested in that?

Mr. BARTLETT. We are not interested. The importation of cocoa powder has increased; the butter has become the product and the powder is the by-product.

Senator McCUMBER. Why this sudden jump of 300 per cent increase in the amount of tariff between that which sold for 20 cents and that which is sold for above 20 cents? You ask 1 cent on the one, and then you go to 3 cents or three times as much upon the other. Why that disparity?

Mr. BARTLETT. In cheap cocoa powders we can not compete with what is made in this country. On the better grades of powders we can and we are willing to pay about the rate of duty that is fixed to-day, only we ask a specific rather than an ad valorem rate.

Senator McCUMBER. What do you pay for that which you import, as a rule?

Mr. BARTLETT. The best grade of powder we use, under the present tariff, with the present rates of exchange, cost us about 40 cents.

Senator SMOOT. Take it by the barrel or in 200-pound barrels, what does that cost you?

Mr. BARTLETT. We can not compete with American-made goods which are sold here as low as 3 cents a pound; we can not bring goods in here and pay a duty unless the cost of our goods would be 10 cents and from that up—the better grade of goods.

Senator McCUMBER. Your importation is exclusively of that character which is about 20 cents a pound in price?

Mr. BARTLETT. No; we have some bulk goods which cost less; some cheap goods we import in barrels or casks. We are able to make in Europe some better grade of goods and bring them here at a price, but we can not bring them at a price to compete with American manufacture.

Senator McCUMBER. I still do not understand just why you should make such a vast increase of 3 cents a pound in tariff, where perhaps the goods themselves would not increase 2 cents a pound in value.

Mr. BARTLETT. Senator, you take a dividing line in the quality of the goods at 20 cents; you get into the better class of goods on which

e are willing to pay a better rate of duty. We can not bring in the heap goods which run down as low as 10 or 12 cents and up to 20.

Senator SMOOT. Are there any 60-cent chocolates?

Mr. BARTLETT. No; they can not bring those in. We can not ring anything here that cost as high as that to any extent.

Senator WATSON. You bring in the unsweetened?

Mr. BARTLETT. Yes, sir; the tariff prohibits the importation of weetened cocoas.

I would like to emphasize these figures which I quote you and are, I hink, my best evidence:

Imports of cocoa beans into the United States (quoted from nited States Department of Commerce), year ended June 30, 1913, 39,885,843 pounds; year ended June 30, 1920, 420,330,886 pounds.

Imports of manufactured cocoa and chocolate, 1913, 1,598,496 ounds; 1920 (includes chocolate, prepared or manufactured), ,548,973 pounds.

The imports of manufactured cocoas have increased during the ast eight years very little. The tariff is practically prohibitory, nd we ask a decrease in the tariff, not an increase as is proposed n the House bill. Home consumption has increased 300 per cent.

The CHAIRMAN. Is that all, Mr. Bartlett?

Mr. BARTLETT. That is all I have to state.

HOPS.

[Paragraph 779.]

STATEMENT OF LEVI COOKE, REPRESENTING THE ANHEUSER-BUSCH CO. (INC.).

Mr. COOKE. Mr. Chairman, I desire to discuss the question of the hops duty. The hops duty is found, I think, in paragraph 779. The situation with respect to hops is this: So far as the tariff treatment in the past has been concerned, the 1909 act placed the duty at 16 cents per pound. I understand that was considered a revenue-producing duty. The 1913 act retained the 16 cents per pound rate. The House committee and the House itself placed the rate in this bill at 24 cents per pound. The Oregon and California hops-producing interests have been in favor, of course, of a protective duty upon hops. There has been no objection, so far as I know, from the domestic consumers to a revenue-producing and a protective duty with respect to that product. But to carry the rate beyond a certain point means the suppression of importation of hops. That is particularly true to-day when the hops are used exclusively in nonintoxicating cereal beverages, and, as the committee has already had shown to them on the revenue bill, that industry is in a very struggling and difficult position. Any increase in the cost of raw material will result in greatly lessening the manufacture of those cereal beverages.

Speaking for Anheuser-Busch (Inc.), who manufacture the so-called Budweiser cereal beverage, I can state as a fact that they use all of the domestic hops that they can employ—that is, they use all the domestic hops they can and still maintain the character. There is a great difference between the hops as grown on the Pacific coast, where the center of the industry is, and the so-called Saazer or Bohemian hops, Bohemia now being a part of Czechoslovakia. A number

of grades of hops are so distinct in character and quality and flavor producing characteristics that they can be contrasted but not compared.

It occurred to me this morning in listening to the statements as to the difference between long staple cotton and short staple cotton that there was the same difference between the Saazer hops and the domestic hops. If these Bohemian hops can not be imported to this country because of the high rate, the domestic industry will decrease. In the past they were purchased by contract in Czechoslovakia. Fortunately, when the war came on Anheuser-Busch had a large supply of Bohemian hops on hand. They had ordered five shiploads, and they thought they were going to suffer a commercial loss, but at that time, when the war came on, it resulted in their having a large supply, and they were in a fortunate position.

In buying a crop abroad they analyze it, and they also analyze the domestic product, and the proportion of grades of domestic and imported grains in cereal beverage Budweiser is based not on a strict formula as to so much foreign and so much domestic, but a resultant according to the analyses of the two kinds of hops in different crops.

For some years the proportion of the domestic and imported in average use has been about 3 pounds of hops to 100 pounds of beverage, and the average proportion is half imported and half domestic.

To place a duty of 24 cents a pound instead of 16 cents is, in their opinion, to impose an almost insuperable burden upon that raw material. They can not abandon the use of the foreign hops without destroying the beverage.

So far as the domestic hops situation is concerned, I understand our average crop is about 35,000,000 pounds, more than half of which goes abroad. Under present conditions American hops are very largely used in England and in Canada, and in view of the fact that the importation now comes in at the rate of a million pounds a year we do not think the domestic industry can be hurt at all by leaving the duty where it now is. They import no more to-day than has to be imported. The price of domestic hops being 25 cents a pound when Saazar hops are 80 cents a pound, the economic conditions are such now that no man buys a pound of foreign hops unless he is driven to it.

Senator McCumber. Inasmuch as the British ales generally have a reputation for quality, why is it they use the American instead of the Bohemian hops?

Mr. Cooke. For exactly the same reason that Anheuser-Busch uses half of its supply in domestic hops. The British grow a larger crop of hops than Bohemia does. They get a certain quality from their own hops and a certain flavor from the Saazar hops. They buy the cheap American hops and use the Bohemian hops for the flavor.

Senator Walsh. Like the use of Egyptian tobacco in cigarettes?

Mr. Cooke. Yes, Senator. I was trying to think of something to compare it to and that is just a case in point.

Senator McCumber. Why should it cost three times as much to raise the Bohemian hops as the American hops?

Mr. Cooke. The only explanation I have ever had is that the price of those hops is much higher than the price of any other hops. In Bohemia the monetary situation to-day is better than that of a

other European country, and costs are high. They have about one-tenth of the world's production in hops in Bohemia. We have more than half. England has 15 per cent in round numbers.

Senator WATSON. What has been the difference in the consumption of hops on account of prohibition?

Mr. COOKE. It is greatly reduced.

Senator WATSON. Can you give the percentage of the proportion?

Mr. COOKE. I can not. Hops are used in the production of cereal beverages and the demand is not so great as it was before prohibition.

Senator WATSON. They do not use as many hops in making cereal beverages as in making beer?

Mr. COOKE. More.

Senator WATSON. Then they really did not put any hops in beer?

Mr. COOKE. Oh, yes, sir; but, as I stated when we discussed the revenue bill, it takes more materials of all kinds to make a cereal beverage than to make beer. You have got to make beer with all the materials, and in Anheuser-Busch's process they break that down and restock the dealcoholized material with more raw material.

Senator WATSON. I understand that. I was trying to get at the relative quantity of hops in beer and cereal beverages.

Mr. COOKE. Fifteen per cent more hops are used in Anheuser-Busch's plant to make cereal beverages than was used in making beer, but the total production is so greatly less than the total production of alcoholic beer that the total amount of hops used in the country is greatly reduced. But if Anheuser-Busch can not get the imported hops they can not maintain the standard of Budweiser as to flavor and character and they would stop using their production, and every time they reduce their production they reduce the consumption of domestic hops.

Senator WATSON. You say 15 per cent was the revenue-producing tariff?

Mr. COOKE. Sixteen cents a pound. I understood that was a revenue-producing tariff rather than a protective tariff, because the price of domestic hops has always been from a half to a third of the imported hops. No man would buy imported hops unless he had to in order to maintain the standard of his product.

Senator SMOOT. We have always exported half or more than half of the American product.

Mr. COOKE. Yes; our hops industry has always been an exporting industry, and the rest of the world is dependent upon America for hops, but we import Saazar hops because we have got to have them; and the institution I speak of has lost a great deal of money in maintaining its industry during the past three years.

Senator SMOOT. What you want is the 16-cent rate?

Mr. COOKE. We think that ought to be preserved, and we feel, as Mr. Busch said, that if it is necessary to protect the American industry by a rate of 24 cents he would be for it; but it would be ruinous to Anheuser-Busch to add another $50,000 or $60,000 a year to their losses.

We are struggling to pay that 2 cents per gallon and continue to make cereal beverages in order to pay it.

Senator WATSON. What do you think about the hops extract?

Mr. COOKE. I understand that duty is unimportant. I asked them if there was any criticism, and they said no, and I am not prepared to discuss that.

STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

Senator JONES of Washington. The tariff on hops is placed at 24 cents a pound in paragraph 779 in the House bill. I do not know whether that matter has been presented to the committee or not.

Senator SMOOT. Yes; it has.

Senator CURTIS. We had a hearing on it.

Senator JONES of Washington. The people out in my section urge 32 cents a pound; and I have here a very strong letter with reference to it. I think it has been covered in the record; but probably I had better file the letter with the stenographer to be embodied in the record.

Senator MCCUMBER. We have testimony also urging that all tariff be removed from it.

Senator JONES of Washington. I suppose so.

Senator MCCUMBER. I think that testimony was from the Anheuser-Busch Co.

Senator JONES of Washington. Yes; I suppose so.

Senator MCCUMBER. If I remember rightly, they claim that they can not use more than a certain portion of the American hops.

(The letter referred to is as follows:)

YAKIMA, WASH., *April 16, 1921.*

Hon. WESLEY L. JONES,
United States Senator for Washington.

DEAR SIR: In reply to your favor of the 4th instant, the matter has been presented to Mr. Hawley and we also have had our Mr. J. W. McNeff talk to him but Mr. Hawley apparently does not wish to present matters according to the actual conditions, but on the other hand wants to go into matters entirely outside the points to be considered.

The hop situation is a condition—due to only one thing—excessive dumping of imported hops into this country, the amount being three times that of before prohibition laws were enacted (when American brewers consumed 23[illegible]000 bales) whereas the consumption now has declined 65 per cent.

Mr. Hawley says it is necessary to know the costs of producing foreign hops to get at the matter and ignores the points we make. We do not understand what the costs of foreign goods has to do in the matter, and for the reason to go into the cost of foreign hops would only be a guess at best, because of the fact that continental hops are not handled as ours. Their hop farms are generally an acre or so, handled by one family. The hops are bought at the farm and taken to a dealer's warehouse to be dried and baled. In our case the farms run up to 400 or 500 acres, employ hundreds of people, and the goods are dried, baled, and put up for market by the farmer, and [illegible] farmers bear the entire cost up to then. The foreign grower stops on [illegible] cost at harvest time, so you will see there is a wide difference in the handling and no way of making a comparison. The American farmer's investment, his outlay and his hired help is much greater than the foreign farmer. As you know there also is no comparison between wages paid farm laborers in Europe and here.

The main point outside of the excessive dumpings to be brought out [illegible] which really is the key to the entire situation is this: All continental traders sell, and American brewers buy, on the theory that one pound continental hops equals two or three pounds of American hops in brewing value. This is the reason why brewers pay more for foreign hops, and it has been the case for 50 years and more, acknowledged and accepted by everyone as a trade [illegible]. The foreign trader claims this on the ground that their hops are all from female vines (which contain practically no seeds), sun cured, and that the hops are repicked (taking out all stems and leaves), whereas the American hop does contain seeds (as all yards contain some male vines), also [illegible]

and stems and are kiln cured. When you stop to consider that 90 per cent of the American brewers are from Continental Europe, where imported hops come from, you will readily understand how useless it would be to try to overcome the feelings of such people as to the merits of American hops and their home grown goods, the matter is not argued but accepted and let go at that.

Basing the matter on the plan that 1 pound of foreign hops equals 3 pounds of domestic, as bought and used, you will see that the dumpings into this country has taken the place of 93,000 bales of Americans, for it would be figured 3 times the amount imported (31,000 bales); also on this ratio of 1 to 3, imported hops are in reality not paying a 16-cent duty, but one-third of 16 cents (5⅓ cents). This is actually the way it would figure out to the continental importer as seller and the American brewer as buyer.

When we ask that the duty be increased to 32 cents, we are simply cutting the ratio of continentals down to a ratio of 1 pound of same to equal 2 pounds of domestic, when as a matter of fact there are more brewers using foreign hops on the ratio of 1 pound to 3⅔ pounds domestic than 1 to 2 pounds, so it is a very reasonable advance to ask for.

If the continental traders and importers were accorded the same consideration as they showed for the American farmer an embargo on their hops would not be out of line, for they dumped the equivalent to what they formerly shipped into this country—over a three-year period—in normal times at that.

Mr. Hawley says the question has been raised that if a 32-cent duty is put on that same would mean a guarantee of this price to the American grower for his hops. This is not so and has been proven to not be the case, for when the war was on and no imported hops were available, while the duty at that time was 16 cents, yet hops at times were as low as 4 and 5 cents. The question of what hops will sell for with a 32-cent duty will entirely depend on what this country produces, the amount exported to England, and what the American market will absorb. If we do not have a high enough duty to prevent excessive importations then we are bound to have a surplus, as the case this year, leaving farmers with upward of 30,000 to 40,000 bales on hand and their next crop coming on them.

Importers and users have no reason to complain, for they have put over something this year they could not do in a free-trade port—England. The Government in England stepped into the breach on the ending of the war and went so far as to put a complete embargo on all foreign hops. This embargo is still on and will remain until the entire English crop is bought and paid for by English brewers. When that is done, then the controller is open to consider granting permits to import American and other foreign hops. That proceeding, in our opinion, is real protection, and it was accomplished promptly and with no hearings, agreements, or anything. They simply figured for their country's interests first, and this should be the case with the American plan.

We would like to have you take this matter up personally and handle with the committee in charge, bringing out the points we have made.

If there is anything you wish to know further, wire or write us.

Yours, faithfully,

McNeff Brothers.

MUSTARD AND MUSTARD SEED.

[Paragraph 780.]

STATEMENT OF FRANCIS J. FRENCH, REPRESENTING THE AMERICAN SPICE TRADE ASSOCIATION.

The Chairman. Your name is George F. French?

Mr. French. My name is Francis J. French, substituted for George F. French by appointment of the American Spice Trade Association. I was appointed by the association to speak on mustard, paragraph 780, and Mr. J. S. Murphy, of Boston, was appointed to speak on the other items of this paragraph.

Senator McCumber. His name does not appear on the list of witnesses.

Mr. French. It was put on there yesterday, Mr. Chairman.

Senator McCumber. You want to divide the time with him?

Mr. French. Yes, Mr. Chairman. I will make a short statement and yield my time to Mr. Murphy if that is satisfactory to the committee.

Senator McCumber. That will be satisfactory.

Mr. French. The American Spice Trade Association requests that the tariff be 10 cents per pound upon ground mustard or mustard flour and prepared mustard, and that mustard seed be free, or if it be deemed necessary to place a duty upon mustard seed, that the duty upon ground mustard or mustard flour and prepared mustard be 10 cents per pound, plus twice the duty which is placed upon mustard seed.

Under the Payne-Aldrich Act, prior to October 4, 1913, the tariff upon so-called ground mustard was 10 cents per pound, and mustard seed was free. From October 4, 1913, until the present, under the Underwood tariff the duty on so-called ground mustard has been 6 cents per pound, and mustard seed has been free.

Unfortunately prepared mustard and so-called ground mustard in both these tariffs were listed together under the name "mustard, ground or prepared, in bottles or otherwise," and therefore the exact figures of each can not be given. The imports have been as per schedule attached, which shows the imports for each year since 1908, but it is common knowledge in the trade that the imports of prepared mustard have declined, and that the import of mustard flour has increased. The small imports during the year 1918 were due to the fact that Great Britain had placed an embargo on the exportation of mustard flour.

Even under the protection of 6 cents per pound, to the American manufacturer, the import of mustard flour has steadily increased, and we believe that they are greater so far in 1921 than they have ever been.

We can not believe that it was the intention of the House of Representatives to cut our protection in half, but that is just what the proposed bill will do. Our present protection is 6 cents per pound because mustard seed is free. The proposed bill by placing a tax of 1 cent per pound upon whole seeds, will actually make the mustard made from those seeds cost 2 cents per pound more, and as the proposed duty upon ground mustard is 5 cents, it leaves us a protection of 3 cents instead of 6 cents as at present.

We believe those in charge of this product in the Ways and Means Committee thought that the mustard seeds were ground entire like pepper and other spice, and therefore proposed the duty of 5 cents per pound as in the case of other spices. But this is not so, and the so-called ground mustard costs approximately over 2 cents per pound for each increase of 1 cent in the cost of the seed.

The reason for this extra cost is that mustard seed consists of about 30 per cent bran, which is worthless, and practically all of which is removed in the process of manufacture. Also, by one process, approximately 20 per cent of bland oil is removed. In removing the hulls of the mustard, unavoidably some flour is also removed, and the average yield of flour is not much over 50 per cent, which with the labor ...

volved, makes the extra cost something over double the price of the seed.

The proposed duties would be a very serious matter for the American manufacturers, and it will surely encourage the importation of foreign-made mustard flour.

We wish that prepared mustard and mustard flour could be listed separately in this tariff, and that the schedule for the dry mustard should read "ground mustard or mustard flour," for the reason that the Bureau of Chemistry has issued, in Circular No. 136, a list of definitions by which they seek to make a difference between ground mustard and mustard flour, which have always up to the present been used as synonyms. It is, we believe, a useless distinction and will cause confusion. The product which is manufactured in England and which is imported is not ground mustard within the meaning of the definitions of the Bureau of Chemistry, but is mustard flour, and there has not, as far as we know, ever been any such substance as ground mustard imported or even made and sold as a condiment, and if it were made it would be a decidedly inferior article. Attached are the definitions as published in Circular No. 136 of the Department of Agriculture.

Practically all of the dry mustard imported into the United States is the product of one English manufacturer. Formerly there were several manufacturers, but this one house has gradually acquired and absorbed the others. They have a considerable advantage over the small American manufacturers, because of their age, wealth, size, and the fact that they have access to the best mustard seeds grown right near at hand, and also because they have cheaper labor in manufacturing an article in which labor is an important element of cost.

American manufacturers can and do make equally good mustards, but even under the 10-cent protection our growth was slow, and under the proposed protection of only 3 cents we fear it will cease.

We can not make mustard to compete in quality with the English flour without English mustard seeds. No other quality will do.

The amount raised on the average in the United States is very small. Stimulated by the exceedingly high prices of 1917 and 1918, California raised an unusually large crop in 1920, but its average production does not probably exceed 1,000,000 pounds per year, and that is all raised in one small valley, but California grown seed will not produce a quality to compete with English grown seed.

I have here a list of the imports of mustard seed from 1908 with the average value per pound, also the imports of mustard ground or prepared for the same period with the average value per pound and the ad valorem rate for each year, equivalent to the duty of 6 cents per pound since 1914 and 10 cents per pound for the five years prior to 1914. This shows that for the five years prior to 1914 the ad valorem equivalent was 38 per cent; for the next five years, 1914, 1915, 1916, 1917, and 1918, the average ad valorem was 19.4 per cent; and for the last two years it is only 11.7 per cent.

A tariff of 1 cent per pound on mustard seed, based upon the import of 1920, would yield $90,633, but inasmuch as a tariff of 1 cent per pound upon whole seed would cost the manufacturer an equivalent of cents per pound, when the product eventually reached the consumer it would cost 4 cents per pound extra for each 1 cent per pound

of revenue raised, owing to the necessary profits and distributing costs, and the injury would be serious to the American manufacturer, and would gradually, we fear, turn over our entire market on the high quality mustards to the English manufacturer, and we respectfully ask your consideration of our request, that the tariff upon ground mustard or mustard flour and prepared mustard be 10 cents per pound and that mustard seeds be free. Or, if it seems wise to place a tariff upon mustard seed, that the tariff upon mustard flour be 10 cents per pound, plus twice the amount of the tariff placed upon mustard seed.

I submit this list of the imports of mustard seed and mustard ground, as a part of my testimony, and also submit the definitions of Circular No. 136.

Senator McCUMBER. They may be printed as a part of your testimony.

(The documents referred to are as follows:)

	Mustard seed imports.	Average value per pound.	Imports of mustard, ground or prepared.	Average value per pound.	[illegible]
Tariff, 10 cents per pound, fiscal year—	*Pounds.*		*Pounds.*		Per [illegible]
1909	8,872,575	$0.038	1,743,218	$0.256	[illegible]
1910	9,124,305	.041	1,185,628½	.254	[illegible]
1911	8,512,475	.035	1,360,080	.26	[illegible]
1912	12,198,171	.034	1,400,049½	.306	[illegible]
1913	12,719,682	.033	1,433,118¾	.268	[illegible]
Tariff, 6 cents per pound, calendar year—					
1914	11,026,833	.0398	1,562,696	.2717	[illegible]
1915	10,037,255	.0629	1,369,079	.2863	[illegible]
1916	15,166,537	.053	1,635,909	.32	[illegible]
1917	14,387,262	.0726	1,813,653	.2914	[illegible]
1918	9,708,081	.0617	880,527	.4117	[illegible]
1919	14,226,213	.0886	1,500,358	.5312	[illegible]
1920	9,063,335	.1051	1,566,258	.4930	[illegible]

DEFINITIONS OF CIRCULAR 136.

33. Mustard seed is the seed of Sinapis alba L. (white mustard), Brassica nigra (L.) Koch (black mustard), Brassica juncea Hook f. et Th., or varieties or closely related species of the types of Brassica nigra and Brassica juncea.

Sinapis alba (white mustard) contains no appreciable amount of volatile oil, contains not more than 5 per cent of total ash nor more than 1.5 per cent of ash insoluble in hydrochloric acid.

Brassica nigra (black mustard) and Brassica juncea yield 0.6 per cent of volatile mustard oil (calculated as allylisothiocyanate and determined by the method [illegible] in Service and Regulatory Announcements, Chemistry 20). The varieties and species closely related to the types of Brassica nigra and Brassica juncea yield not less than 0.6 per cent of volatile mustard oil similar in character and composition to the volatile oils yielded by Brassica nigra and Brassica juncea. These mustard seeds contain not more than 5 per cent of total ash nor more than 1.5 per cent of ash insoluble in hydrochloric acid.

34. Ground mustard is the powder made from mustard seed and conforms to the standards for mustard seed.

35. Mustard flour is the powder made from mustard seed with the hulls largely removed and with or without the removal of a portion of the fixed oil. It contains not more than 1.5 per cent of starch, nor more than 6 per cent of total ash.

36. Prepared mustard, German mustard, French mustard, mustard paste, is a paste composed of a mixture of ground mustard or mustard flour, with salt, a vinegar, with or without spices or other condiments which do not simulate the color of yellow ground mustard. Calculated free from water, fat, and salt, it contains not more than 24 per cent of carbohydrates (calculated as starch), not more than 12 per cent of crude fiber, nor less than 5.6 per cent of nitrogen derived solely from the materials be named.

SPICES, SEEDS, AND HERBS.

[Paragraph 780.]

STATEMENT OF JAMES S. MURPHY, BOSTON, MASS., REPRESENTING THE AMERICAN SPICE TRADE ASSOCIATION.

Senator McCUMBER. You may state your name.

Mr. MURPHY. My name is James S. Murphy. I am president of Stickney & Poor Spice Co., of Boston.

Senator SMOOT. You are going to speak to paragraph 780?

Mr. MURPHY. Yes, sir. A few weeks ago I wrote a letter concerning this tariff. At that time I did so independently. Some weeks ago I was selected by the American Spice Trade Association to represent them on spices, seeds, and herbs generally, outside of what Mr. George F. French would say. Mr. French is the largest manufacturer of mustard in this country. I regret that he is not well to-day.

My subject will not take much time. I think it will save some expense to the Government—it certainly will save some expense to us and to our customers—to call your attention to a few items in the tariff as it now stands. Take fenugreek seed, rape seed, hemp seed; they are not mentioned. Where they are not on the free list they should pay 20 per cent, like other seeds. Particularly is that true of fenugreek seed, which three weeks ago sold at 1 cent a pound, a week later at 2 cents, and is now selling at 3. It is largely used in the western country in the making of sausages. If these goods are not to be on the free list, as they are low-priced goods, we would rather pay a higher duty than to have a per cent duty, because of the trouble and anxiety that has always been. They have always been grouped with other seeds paying in the neighborhood of half a cent to a cent a pound. That would be a good deal more than 20 per cent on the low-priced goods.

Marjoram, savory, and thyme are not mentioned. These are herbs. They ought to be classed as such, or we are going to have trouble. There is not a man in the United States that the Government can employ that can differentiate in the quality of any of those goods. Take laurel leaves. To-day they are selling for 2 cents a pound, and 2½ up to 4½. It all depends on the type of the laurel leaf and the size of the bale and the color of the leaf. If the bale is small, 50 to 100 pounds, they are worth more than a large bale of 300 pounds. If the leaf is bright, they are worth more than the darker and poorer colored. If they are small and regular in size, they are worth a good deal more. There is not a man in the United States competent to appraise such goods.

Under the circumstances, the same is true to a lesser degree of thyme and savory. Some are worth 6 cents, some are worth 12. They are not mentioned. Therefore, they come under paragraph 32, or else they would be on the free list. Under paragraph 32 there would be a duty of 10 per cent.

We don't want a percentage duty on those materials, because there is no need of it, and because there is no proper appraiser to appraise the real value of the goods.

There are some very strange things in this tariff law, and it has excited more comment in our line of trade than anything else, be-

cause we are interested. Turmeric is taxed 10 cents a pound. The value of those goods the morning before this tariff was issued was 4 cents a pound. Therefore, the duty imposed is 250 per cent. At that time you could buy the goods landed in New York or Boston at 3 cents. Immediately the price went up. What was 4 cents in two days was 6 cents, then 6½, and then 7½. But there was a day of reckoning. The English sold them the goods, and the goods cost them 3¾ and 4¼, and those goods in America have gradually slid down to 5½. Now, these goods are taxed 250 per cent, or 300 per cent, if you take the first price on landing from London. Turmeric has always been on the free list, never was any place else. It is strange, to say the least, and it certainly enabled men in New York and men in London to later take advantage and send their goods over and take profits they never deserved.

That article is sold just at this time of the year. We do not get an order now from any wholesale grocer at this time of the year, when preserving and pickling, and the like are being done, that we do not get an order for 10 to 15 boxes. Turmeric is put up in a 2-ounce can. Every housewife uses it in piccalilli and chowchow, and for other purposes. It is used as they use Spanish paprika, principally for the looks of it.

Again, turmeric is the basis of curry powder. Prior to the war curry powder was made in India, under British supervision. During the war our people went into it and several are making it. So many are making curry powder that last year all that was imported into this country was 41,000 pounds. If you put a 2-cent duty on curry powder all you can collect is $800 on the whole imports, if they do not increase over last year. It is not worth the clerk hire.

Some people use 30 per cent of turmeric in curry powder, and some as high as 40 and 45. It is visible to you that curry powder taxed 2 cents a pound in this tariff is taxed a good deal less than 10 per cent when the raw material that makes the goods is taxed 250 per cent. Such things do not appeal to our association. We do not want to be crushed out, even in the small business of curry powder. There is no income for you, unless there is a good deal more imported than was imported last year, at 2 cents a pound. There will only be $800 total collections.

Now, on the question of mustard, my friend Mr. French is not well and could not be here. He is represented by Mr. Francis French. Mr. French is a large operator. I thought he would talk to the point. He would if he could.

The situation in mustard is simply this. I don't want to take your time. I know you are busy men. Mustard has always had some protection. The best mustard in the world grows in England. It is grown in those low counties, like Essex and Cambridge, all through the eastern counties, and it is the best mustard in the world. To compete with those men we have been obliged to buy English mustard, and we buy it at a disadvantage. The man on the spot always has a great advantage.

Then again, they have had the mustard business of the world for practically a thousand years, and they sell a large quantity of mustard in other countries and always have. Every year with a tax of [illegible] cents a pound their sales to this country have been large, until [illegible]

second year of the war, when they reduced a little because of the situation at that time. Ten cents a pound never deterred them from sending their goods into this country. Their sales increased all the time. Their profits are tremendous. They get 78 cents a pound for the best grade of mustard, and they get 58 cents a pound for the second grade, in 6-pound cans. There is not a good-sized mustard nanufacturer in this country that would not be delighted to sell the same mustard for 27 cents—less than half. It is simply because we ire fighting against prestige, we are fighting against a good reputation built up during these many years, fighting against the fashionable groceryman who sells nothing but imported goods and gets whatever price he sees fit to ask. They have always got twice what we have got ind their mustard is no better.

During the Civil War the mustard of our American manufacturers became better, and naturally the sales of our mustard were much arger because the people recognized the quality of it as being equal o the foreign mustard, and they could get it for less than half the rice. Under such circumstances, if you cut off a duty on mustard, ou are simply adding to the excess profit that is already reaped by hese foreigners, whether they are Frenchmen or Englishmen. You re simply giving them a present of so much money. They will sell oods in this country always, because certain people will always prefer o pay the extra price.

Senator SMOOT. Do you suggest an increase in the rates provided y the House?

Mr. MURPHY. We would like it left as it was. We did not want ny change. If we had the old 10 cents a pound in the Payne-ldrich bill we would be content, but if you are going to put a duty n mustard seed of 1 cent a pound, that means 2 cents on our mustard our, because we can only get 50 per cent or a little less of flour out f the seed.

Senator SMOOT. This bill gives you mustard, ground, prepared in ottles or otherwise, 5 cents a pound.

Mr. MURPHY. Mustard ground is a good deal better mustard.

Senator SMOOT. You think that ought to be 10 cents a pound?

Mr. MURPHY. I think that ought to be 10 cents a pound. If you e going to put a duty on mustard seed, you ought to give us also uble what the duty on the mustard seed is, because we can only t 50 per cent of flour out of it.

These are anæmic times in business. We can not any of us in is country afford to carry a handicap. We need crutches for a w years longer. Please give us as good a chance for salvation as had in past tariffs.

SCHEDULE 8.

SPIRITS, WINES, AND OTHER BEVERAGES.

DISTILLED AND FERMENTED LIQUORS.

[Paragraphs 802 and 803.]

STATEMENT OF LEVI COOKE, WASHINGTON, D. C., REPRESENTING WINE AND SPIRIT IMPORTERS.

The last item I will discuss is paragraph 802, the entire subject of distilled spirits and wines and liquors. The House bill has increased the rate on distilled liquors to $5 per proof gallon, as against the Underwood rate of $2.60 per proof gallon. Paragraph 803 provides for "champagne and all other sparkling wines, $6 per proof gallon," and there are other changes and increases on still wines from the present rate.

The entire subject falls under one principle, and I will not take the time to discuss the several different items and various rates that have been increased, because if the principle is sound I think the existing rates in all items ought to stand. If that principle is not sound, of course Congress can fix the rate. That principle is simply this, that the import rates are coupled with the internal-revenue duty, so that the imported product not only pays the import duty, but also the internal-revenue tax.

Senator SMOOT. That has been the case in all of our tariff and internal-revenue legislation.

Mr. COOKE. There was a time when we did not pay internal-revenue duties.

Senator SMOOT. That has been a long time.

Mr. COOKE. That was prior to the war. I remember the legislation of 10 years ago, which did not do so. Now, take the case of cognac, which has always been used for medicinal purposes——

Senator WATSON. This bill absolutely prohibits all liquors of every kind.

Mr. COOKE. Speaking first of the first Volstead Act, that forbade the importation for beverage use. The Willis-Campbell Act provided that wines and spirits should not be imported unless the prohibition commissioner should find that there were not sufficient domestic wines and spirits to meet the requirements. There is some question as to whether that means all wines or only particular kinds of wines should be imported.

The eighteenth amendment contemplated only the prohibition of beverage wines and liquors coming into the United States. If a man is sick and has got to have champagne the law leaves the door open for him to get the champagne, and I will say to the committee in that connection that when Mr. James D. Maher, the clerk of the Supreme Court, was operated on and dying in Georgetown Hospital they kept him alive a week by the use of champagne.

Conceding it is legally possible to import these wines, we come to the question of whether or not those medicinal liquors ought to be taxed so high a rate as $8.20 per gallon. Of course, none of them can be imported for anything but medicinal use.

Senator SMOOT. But the internal revenue rate before was very much higher than it is now.

Mr. COOKE. But it was then possible for gentlemen who were not ill to get that product.

Senator SMOOT. And they paid for it.

Mr. COOKE. Undoubtedly they paid for it.

Senator SMOOT. The rate was $6.40.

Mr. COOKE. They realized that was not the proper rate on medicinal liquors and left the rate at $2.20 when the internal-revenue act was passed. What is brought in now is purely for medicinal purposes and it should not be taxed a prohibitive rate. If it is brought in for a legitimate use, then the sick in the hospitals ought not to be made to pay a prohibitive tax to the Government; if it be medicinal it ought to come in free. If it must be taxed, it should be taxed a reasonable rate and should not be taxed at so high a rate that the poor sick man in the free hospital can not be given the thing which might save his life.

Senator SIMMONS. This French brandy can only be imported for medicinal purposes?

Mr. COOKE. Yes, sir.

Senator SIMMONS. And the only spirituous liquors that can be imported are for that purpose?

Mr. COOKE. Yes, sir; that is right.

Senator SIMMONS. I understand your argument to be this, that when we are dealing in the revenue bill with spirits for medicinal purposes we should differentiate in favor of those spirits in the tax?

Mr. COOKE. Yes, sir.

Senator SIMMONS. And make it only $2.20 as against $6.40?

Mr. COOKE. That is right.

Senator SIMMONS. Your idea is that we ought to follow up the same line of differentiation?

Mr. COOKE. Yes, sir.

Senator SIMMONS. And that as everything that comes in can only come in for medicinal purposes, we ought not to impose as high a rate as was imposed for liquors coming in to be used as a beverage?

Mr. COOKE. Yes. I want to say this, in conclusion, Senator, that it is true that the rules are very rigid now regarding importation. Under the administrative Willis-Campbell Act only the wholesale druggists can deal within the country in these products and the retail druggists distribute them to the people, and that means that the price is very high. A druggist always charges more than other people for the same article. You can buy pills in a grocery store much cheaper than you can in a drug store—the same pills. Therefore, it seems to me that this will not be a revenue producer under any circumstances to the Government, and therefore it seems to me that spirits that come in for medicinal purposes should come in as low as possible in order to be of any benefit to sick people.

Senator WATSON. You are asking for the rate which is in existence now?

Mr. COOKE. Yes, sir. I was not instructed to complain of the present rate, though you might as well take that off, but I was instructed to urge the committee not to increase these rates, and I trust they will not be increased, in the interests of those who are suffering from disease.

INDEX TO SCHEDULE 7.

NAMES.

SUBJECTS.

INDEX TO SCHEDULE 8.

×